NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

Congressional Information Service, Inc

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

PART 5—(Pages 1-990)

NONDEPARTMENTAL WITNESSES

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1983

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

S181-26

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

HARRISON SCHMITT, New Mexico, *Chairman*

MARK O. HATFIELD, Oregon
LOWELL WEICKER, JR., Connecticut
TED STEVENS, Alaska
MARK ANDREWS, North Dakota
JAMES ABDNOR, South Dakota
WARREN RUDMAN, New Hampshire
ARLEN SPECTER, Pennsylvania

WILLIAM PROXMIRE, Wisconsin
ROBERT C. BYRD, West Virginia
ERNEST F. HOLLINGS, South Carolina
THOMAS F. EAGLETON, Missouri
LAWTON CHILES, Florida
QUENTIN N. BURDICK, North Dakota
DANIEL K. INOUYE, Hawaii

Professional Staff

GAR KACANOWICH, *Clerk*
JAMES J. SOURWINE
PETER MICHELSON
RIKI POSTER
CAROL ORTEGA

Minority Staff

KENNETH A. MCLEAN
MARION R. MAYER

CONTENTS

WEDNESDAY, MAY 5, 1982

Page
Nondepartmental witnesses.......... 1

THURSDAY, MAY 6, 1982

Nondepartmental witnesses.......... 341
Material submitted subsequent to the hearings.......... 701

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

WEDNESDAY, MAY 5, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. Harrison Schmitt (chairman) presiding.

Present: Senators Schmitt and Abdnor.

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

Senator SCHMITT. The hearing will come to order.

The first panel this morning will be public witnesses for the Senate appropriations for this committee's bill concerned with alcoholism and drug abuse.

The subcommittee will hear from the National Council on Alcoholism, National Association of State Alcohol and Drug Abuse Directors, the Therapeutic Communities of America, the National Youth Work Alliance, and the Alcohol and Drug Problems Association of America.

The witnesses for this panel will take their seats at the witness table. We will begin.

The prepared statements will be printed in their entirety in the record, and you may proceed with any arrangements you may have made.

I would like to remind the panel to try to adhere to the time limitation established so that other witnesses may have the opportunity to speak. I will allocate 5 minutes to each of you, or 25 minutes to the entire panel.

Please identify yourself and the organization you represent before proceeding. Please give a summary of your statement; your entire statement will be in the record.

ALCOHOLISM AND DRUG ABUSE PANEL

STATEMENTS OF:

DIANA G. TABLER, DIRECTOR, OFFICE OF PUBLIC POLICY, NATIONAL COUNCIL ON ALCOHOLISM

KENNETH EATON, CHAIRMAN, LEGISLATIVE COMMITTEE, NATIONAL ASSOCIATION OF STATE ALCOHOL AND DRUG ABUSE DIRECTORS

RICHARD PRUSS, PRESIDENT, THERAPEUTIC COMMUNITIES OF AMERICA

THOMAS R. MCCARTHY, PROJECT DIRECTOR, NATIONAL YOUTH WORK ALLIANCE

RICHARD W. ESTERLY, EXECUTIVE DIRECTOR, CHIT CHAT FOUNDATION, REPRESENTING THE ALCOHOL AND DRUG PROBLEMS ASSOCIATION OF AMERICA.

STATEMENT OF DIANA G. TABLER

Senator SCHMITT. Who is going to begin?

Ms. TABLER. Ladies first.

Good morning. Thank you very much, Mr. Chairman, for the opportunity to be here today on behalf of the National Council on Alcoholism, which is the Nation's largest and oldest voluntary organization, dedicated to public education and advocacy in alcoholism and alcohol abuse.

I have provided a written statement for the record which contains our budget request.

To summarize briefly, NCA strongly supports the President's request for research, $32.9 million, the appropriation of the fully authorized amount for the alcohol, drug abuse, and mental health block grant, $511 million, continuation of clinical as well as research training at not less than last year's levels; and, finally, appropriations for the National Institute on Alcohol Abuse and Alcoholism at $10 million.

Other members of the panel at least will discuss in more detail our position on funding of the Alcohol, Drug Abuse, and Mental Health Services as well. Let me say briefly that we support the appropriation of the fully authorized amount.

And I think I would like to dwell a bit on the appropriation for research, because, as you know, in the last 18 months there's really been a redefinition of the Federal responsibility, one that has resulted in research being the highest priority for direct Federal funds.

After years of neglect and underfunding, the administration has finally requested an increase in funding of alcoholism research; and, of course, that is the recommendation of the institute—for approximately a slightly more than 50-percent increase from the previous years.

I expect by the end of the week that the Senate Committee on Labor and Human Resources will fund in accordance with this request in the approval of new authorization levels for fiscal year 1983; and the House authorizing committee has also increased the authorized levels to levels commensurate with this request.

The change in Federal policy for alcoholism research is not accidental, nor is it a quirk in our opinion. It is a deliberate attempt to respond to broad, public recognition of the problem of the continuing seriousness of alcoholism and alcohol abuse in the country, and the belief that the Government has a bigger responsibility to invest more dollars in research knowledge so they are building on past accomplishments of this program.

The Federal Government recently issued a report on the social and economic costs of alcoholism and alcohol abuse and put it at $49 billion in 1977 alone, without any kind of adjustment for inflation, in current terms that's an astronomical toll.

To put the increase in the alcoholism research in perspective I think it is important to point out that although it is an increase of over 50 percent from last year, alcoholism research is still nearly the smallest research program funded by the Federal Government. It's certainly smaller than almost any other program, including drug abuse and alcohol.

Historically the investment in research in alcoholism and alcohol abuse has been limited.

Briefly, what does this request mean? It will enable the National Institute on Alcohol Abuse and Alcoholism to implement a multifaceted, vigorous program in behavioral research in areas that we believe are extremely important; including development of new therapeutic and treatment techniques, research into the cost of death and injury associated with alcohol-related cases, including drinking and drug abuse, and alcohol-related violence; research into the effectiveness of a variety of prevention and early intervention techniques; research into the causes of alcoholism, and into the development of new treatment techniques.

The National Council on Alcoholism has confidence in the ability of the NIAAA and the Alcohol, Drug Abuse, and Mental Health Services Administration for the leadership to carry out this much needed preventive program and also in the research to help rebuild it after years of decline; and, once again to attract top scientists in the field.

I know that there's been a lot of discussion up here recently about the possibility of freezing such programs at 1982 levels. The Senate Budget Committee chairman presented that yesterday.

The proposal to freeze the alcoholism research program at the 1982 level is totally unacceptable to us. It results in the funding of no new grants next year and the possible reduction of existing programs.

And I would like to point out that the research program has in effect been frozen for over 4 years, because of the failure of Congress to enact more appropriations.

In conclusion, the problems continue to be serious and complex and costly in the United States. And we believe that the Federal role is a very important one. We hope that this committee will take what we believe is responsible action in approval of the President's request for alcoholism research funding in 1983.

Thank you.

Senator Schmitt. Have you made any estimate for the research in other areas of this budget that go directly or indirectly toward alcoholism?

Ms. TABLER. In other areas or in NIH?

Senator SCHMITT. NIH, NIAAA?

Ms. TABLER. No; I haven't.

Senator SCHMITT. Would you take a crack at that? And submit it for the record?

Ms. TABLER. I would be glad to.

[The information follows:]

LETTER FROM DIANA G. TABLER

MAY 17, 1982.

Hon. HARRISON SCHMITT,
Chairman, Subcommittee on Appropriations for Labor, Health, and Human Services, Washington, D.C.

DEAR SENATOR SCHMITT: In response to your request at the May 5 hearing on appropriations for alcoholism research, enclosed is information on the extent to which the National Institutes of Health conduct alcohol-related research. Information contained in the attached chart was supplied by the NIH institutes to the Department of Health and Human Services for inclusion in congressionally mandated reports on Federal activities on alcohol abuse and alcoholism.

As you can see, the National Institutes of Health reported total expenditures of only $2.8 million for alcohol-related research in fiscal year 1980. This amount represents less than .0008 percent of the total NIH research budget, which in fiscal year 1981 totaled over $3.6 billion.

The National Council on Alcoholism believes that this demonstrates beyond any doubt the need for increasing research conducted by the National Institute on Alcohol Abuse and Alcoholism (NIAAA) in fiscal year 1983 in accordance with the recommendation of the President, to a new level of $32.9 million. This increase is long overdue, and the need for it is evidenced to an even greater extent by the paucity of alcohol-related research in other health research programs.

Thank you for the opportunity to provide you this information. Please do not hesitate to call on me if I may be of further assistance.

Sincerely,

DIANA G. TABLER, *Director.*

ALCOHOL-RELATED RESEARCH—SUPPORTED BY THE NATIONAL INSTITUTES OF HEALTH

[Amounts in thousands of dollars]

National Institutes of Health	Fiscal years—			
	1977	1978	1979	1980
Division of Research Resources	0	574	574	998
National Cancer Institute	335	544	492	762
National Heart, Lung, and Blood Institute	443	236	[1]316	337
National Institute of Child Health and Human Development	273	235	360	253
National Institute of Arthritis, Metabolism, and Digestive Diseases	508	184	415	365
National Institute of Neurological and Communicative Disorders and Strokes	82	14	3	111
National Institute of General Medical Sciences	19	3	13	21

ALCOHOL-RELATED RESEARCH—SUPPORTED BY THE NATIONAL INSTITUTES OF HEALTH—Continued

[Amounts in thousands of dollars]

National Institutes of Health	Fiscal years— 1977	1978	1979	1980
National Institute on Aging	120			25
National Eye Institute	81			
Total, NIH	1,861	1,790	2,173	2,872

[1] $6,000 of this amount was provided by the National Institute on Aging.

NOTE.—Zero dollars indicates that projects were ongoing but received no new funds in fiscal year 1977 and/or the means for prorating alcohol-related funds were not available. Numbers may not add to totals due to rounding.

Source: Reports to Congress on Federal Activities on Alcohol Abuse and Alcoholism for fiscal years 1978, 1979, and 1980. U.S. Department of Health and Human Services.

STATEMENT OF RICHARD PRUSS

Senator SCHMITT. The next witness?

Mr. PRUSS. Mr. Chairman, my name is Richard Pruss, I am president of Therapeutic Communities of America, a consortium of drug-free residential treatment programs located throughout the United States.

I also direct a therapeutic community in New York State.

Drug abuse which, for many years, was considered an inner-city problem, and now is across all strata of society, and affects all races, ages, and economic classes; it is now common enough everywhere that we can speak of it as "The Drugging of America."

It is an epidemic that has spread to every strata. That makes law enforcement a Federal concern, and it makes treatment a Federal concern.

There are Americans who can afford treatment services, and for their children. Americans who cannot afford them deserve no less.

That is why official Washington has taken the critical role in the early seventies in helping support drug abuse prevention and treatment. And that is why we are meeting here today to talk about funding for drug and alcohol abuse programs.

I do not really need to argue the case for a substantial, permanent, Federal role in providing support for drug abuse prevention and treatment; but colleagues of yours, like Senator Hatfield, have made that case elsewhere.

The Congress as a whole made it when they authorized the Alcohol, Drug Abuse, and Mental Health Block Grant and after careful discussion, set the original $511 million authorization level.

President Reagan, who was warned of the threat to a whole generation of Americans, and Mrs. Reagan, who has made it a personal priority to call attention to the "Drugging of America," have been equally vigorous in speaking out.

There is ample evidence to support all of this concern.

Not long ago, for instance, I reviewed the cumulative statistics on drug reports from hospital emergency rooms compiled through the Drug Abuse Warning Network of the National Institute on Drug Abuse.

It confirms what many of us in the drug treatment field have been saying for years: Drug abuse remains a major concern and has stabilized, while heroin is making another of its typical comebacks. In the last quarter of 1979 there were about 1,600 mentions of heroin-morphine cases. In the third quarter of last year, it was approaching 2,400.

That is another of the reasons that drug treatment programs throughout the country have increasingly long waiting lists. This is the rule for many of the 300 programs represented by Therapeutic Communities of America in 47 States. As the drug supply increases, so does the demand for our services. Many of us, in fact, are swamped with appeals for help, at a time when programs have been cut as much as 25 percent in their funding base.

Finally, I want to mention the conclusions issued last month by the Research Triangle Institute after a 2-year study.

The research estimates that the total economic costs to this country of alcohol and drug abuse and mental illness were $106 billion in 1977, drug abuse alone, $16.4 billion.

There can hardly be any doubt that the figures have spurted dramatically higher in the years since. But the $106 billion figure for 1977 is certainly more than enough to justify a $511 million Federal block grant for all these human services in fiscal 1983.

A $511 million appropriation scarcely could be called an extravagance in those circumstances, especially because so much of our professional effort is helping to bring down the total costs which this new research has identified.

So the case for the maximum appropriations within the $511 million funding limit is beyond dispute logically.

Yet, as we meet here, the prospects for this essential, still very limited support, are bleak.

Despite the President's apparently genuine expressions of concern about America's drug-threatened youth, the administration is now recommending that fiscal year 1983 ADM Block Grant funding be limited to $432 million.

Focusing on drug abuse funding alone, we find that in fiscal year 1979 the Federal contribution to State, local, and not-for-profit treatment programs through NIDA was $201 million. In fiscal year 1981 it fell to $172 million. We now receive, using the administration's own formula for 1982, approximately $46 million for drug abuse with the ADM Block Grant.

The programs which I represent have for many years attempted to focus on fundraising through the private sector and the utilization of volunteers within the programs. Therefore, the response that we are being faced with now in attempting to find those folks and raise funds cannot be applied; it is already found within the program budget.

Our appeal here essentially is simple.

We have established over a period of years a convincing record of cost-effective accomplishment; we can handle with competence and responsibility our share of the $511 million Congress should appropriate.

The consequences of trying to deal with the human necessities involved using either false economies or empty rhetoric will be very serious. They will include more drugs, more crime, much of it violent, and more needless human degradation.

Thank you.

Senator SCHMITT. Thank you, sir.

STATEMENT OF RICHARD W. EASTERLY

Mr. ESTERLY. Mr. Chairman and subcommittee members, my name is Richard Esterly, and I am the executive director of the Chit Chat Foundation, a private nonprofit treatment program in Wernersville, Pa., dedicated to working with persons suffering from alcoholism and other drug addictions.

I am here today to testify on behalf of the Alcohol and Drug Problems Association of North America (ADPA), an association representing approximately 10,000 professional alcohol and drug abuse workers across the country.

Treatment, prevention, research, and other agencies dealing with the massive alcohol and drug abuse problems our Nation faces, make up one of ADPA's major constituency groups.

Mr. Chairman, and subcommittee members, I urge you to vote to appropriate for the fiscal year 1983 Alcohol-Drug-Mental Health Block Grant the full $511 million authorized in the enabling legislation.

I believe that as you consider the testimony being given today, you will recognize that such a course of action is fully justified from an economic point of view.

In the brief time available, I will not attempt to describe in any detail the human suffering caused by alcohol and other drug problems. I think we all know by now that conclusive evidence exists in abundance on the frightening numbers of broken homes, highway accidents, violent crimes, and physical and mental harm suffered by our population from these addictions and abuses.

Instead, I want to speak from the perspective of an issue foremost in the minds of most Americans today—money.

As a Nation, and in our States and towns and rural areas, we are confronted more and more with shrinking budgets, with cost-cutting, and with learning to live with staggering deficits.

In times like these, the expenditure of Federal funds can only be justified where there are clear and compelling reasons for doing so.

I submit to you, Mr. Chairman and subcommittee members, that money spent to combat alcohol and drug abuse is, without question, a genuinely sound investment in our country's economic future.

I will briefly tell you why I believe this is so.

In a major study recently concluded by HHS's Alcohol, Drug Abuse and Mental Health Administration (ADAMHA), a conservative estimate of the measurable annual cost to American society of alcohol and drug abuse problems was $65.8 billion dollars. That's almost $300 a year for every citizen.

Lost production was the chief contributing factor.

I ask you, Can we afford this lost production, not to mention the other monetary losses, at a time when the Federal Government is committed to getting the economy back on track?

Alcohol and drug abuse services, directed from the State level through the ADM Block Grant mechanism, are a sound fiscal investment. In fact, such expenditures are probably one of the best investments of taxpayers' dollars which can be made at the present time.

Cost-effectiveness studies, with almost unanimous consistency, indicate that treatment for alcohol and drug abuse problems improves a client's performance in the workplace and reduces his post-treatment medical costs.

Studies cited in the ADAMHA National Data Book of January 1980, indicate the following:

One, as a whole, in 12 studies of the results of treatment for alcoholism, a median reduction of 40 percent was achieved for all clients as regards post-treatment medical care utilization, sick days on the job, or sickness and accident benefits.

Second, in a major study of prepaid group health plans, substantial reductions in medical costs were realized for both alcoholics and their families following treatment. Service utilization, as measured by visits, fell 23 percent from the period 0-to-2 years before treatment, to the period 13-to-18 months following treatment. Absenteeism from work dropped 55 percent when the same two periods were contrasted. Significant, too, was the fact that after the study was concluded, the three health plans which had agreed to provide treatment services as part of the study, voluntarily instituted the services on a permanent basis.

And in a study of almost 150 military personnel who underwent treatment in the midseventies for alcoholism, the average patient experienced a 60-percent reduction in the number of days spent in hospitals when the year before treatment was compared with the second year following treatment.

Such typical research findings, while not numerous and while subject to question due to low frequencies of study populations and other methodological considerations, almost all appear to be telling us the same thing. They consistently indicate improvements in post-treatment work habits and patterns and reductions in post-treatment health care costs.

Studies of the cost-effectiveness of alcohol and drug abuse programs give results consistent enough and persuasive enough to justify substantial Federal backing for such programs. We believe that the economic payoff is just too good to be disregarded.

Although a few States have had the good fortune in recent years to be able to maintain alcohol and drug abuse services at fairly constant levels, the great majority have not.

Pennsylvania, for one, is not blessed with a tax base supported by either oil revenues or by other recession-proof industries. Few States are, and many face severe budgetary constraints due to high unemployment, reduced industrial production, and the like.

As regards alcohol and drug abuse problems, which, incidentally, tend to increase during hard times, services continue to be reduced, and trained staff let go. Many persons seeking help have fewer and fewer places to turn.

In Pennsylvania, alone, during the last year, 100 programs, alcohol and drug-abuse programs, closed or severely cut services.

The potential for that substantial return on investment which I have described is diminishing.

In closing, Mr. Chairman, and subcommittee members, I want to leave you with this thought: It is just plain, good, business-sense for the Federal Government to be heavily committed to combatting alcohol and other drug problems through a sound investment program. Providing a reasonable level of fiscal resources to the States through appropriating the authorized amount of $511 million for the fiscal year 1983 ADM Block Grant makes good fiscal sense. To do less will in the long run cost us far more.

Thank you.

Senator SCHMITT. Thank you. Next?

STATEMENT OF THOMAS R. MCCARTHY

Mr. MCCARTHY. My name is Tom McCarthy, and one of my roles at the National Youth Work Alliance is that of Alcohol and Drug Abuse Specialist.

Very quickly, Senator, the National Youth Work Alliance is a membership organization of 1,300 youth programs across the country. A very, very small percentage of these programs are alcohol and drug-abuse prevention programs. Instead, they are youth employment programs, delinquency prevention programs, various kinds of recreation programs, et cetera.

Because less than 4 percent of our members would benefit from any appropriation that this subcommittee makes, I think it is clear, Senator, that I am not here to represent our members; I am here to represent what I feel is our country's most important natural resource—and, sometimes I think our most-neglected organized resource—that's our youth.

Local programs deal with these problems as well as they can. And virtually all of our members report to us that they are encountering serious and widespread alcohol and drug abuse problems among their members. And when they run across serious problems, they are not equipped to handle them. So they have to refer them to neighborhood, community alcohol-drug treatment centers.

And, frankly, Senator, we are concerned; we are very worried—what's going to happen when those treatment centers have to cut back their services and probably exclude nonpaying clients?

What's going to happen if they have to close their doors?

Also, we are concerned if NIAAA and NIDA's prevention branches no longer provide models, manuals, and other important support materials that these youth programs have been using in their prevention efforts.

We feel we know the answers to both of these questions, because we've seen it happen already; and the answers aren't good. The answers are that kids who need treatment aren't going to get it, and kids who are at risk of developing serious alcohol and drug abuse problems probably won't be able to get help.

Other members of this panel have reminded you and through testimony will remind you in even more detail of the dollar cost-effectiveness or payback for the investment of making appropriations for alcohol and drug services.

I want to add to that something that you might not be aware of unless you are a youth-worker—and that is that hundreds of thousands of youths are going to have to fight long tragedies of police records, incomplete education, chronic failure, and lost hope—what I'm talking about is human atrophy among our next generation, the people that we need to lead our country in the future.

So the essence of my message is very clear, very short and simple.

And that is that as you and the other members of your subcommittee consider the appropriations for youth, please, please, remember the youth of our country; please, please remember how widespread and serious alcohol and drug problems are among them. I'd be glad to give you some statistics.

And please remember that what you are being presented with is one of the best opportunities, investment opportunities, I think you will be given.

We've got three specific recommendations:

One is that the Alcohol, Drug Abuse, and Mental Health block grant, be funded at the full $511 million authorization.

Two, that the administration's dollar request for NIAAA and NIDA's research programs be supported and also that a requirement be made that part of that research money be set aside for research as to which prevention programs work best.

I know that many members of the subcommittee have expressed interest about the doing-away with the demonstration part of NIAAA's entitlement; but we feel that if this research is put in at the full figure the administration proposes, some of those funds—if you decide to put this in report language—some of those funds can be set aside for research into what really works best. And that's what the field needs to know. We feel that's very important.

Number three, that NIAAA and NIDA's clinical training programs be reduced rather than eliminated as proposed by the administration, and that greater emphasis be placed on training frontline counselors, paraprofessionals, and youth workers.

Thank you.

Senator SCHMITT. Next?

STATEMENT OF KENNETH EATON

Mr. EATON. Mr. Chairman, we appreciate this opportunity to appear before you this morning. My name is Kenneth Eaton. I am the director of an alcoholism and drug-abuse program for the State of Michigan, and I represent the National Association of State Alcohol and Drug-Abuse Directors.

I won't repeat many of the points that have been made previously by other panelists, except to reemphasize that alcoholism and drug abuse continues to be a very serious problem in our Nation. And we will be happy to provide updated information about what we are seeing among the States with respect to the growth of those problems.

I would point out that we are seeing massive increases in the problem among youth, as you've heard Mr. McCarthy state. And none of you are unaware of the problems we are seeing related to drunk driving throughout the Nation. And I could go on and on.

I would like to make three points, Mr. Chairman:

One, we concur with the recommendation that you have already received on several occasions about funding the research programs provided by NIAAA at a healthy level, that which the President has requested.

We feel this is very important, and we concur with the emphasis on research with respect to preventive programs.

We would also advise the committee to give careful consideration to continue at some level clinical training programs of NIDA and NIAAA. These are programs which are important to the field. They are programs which the States are not able to pick up. It is not the kind of program that can be conducted on a State-by-State basis, and it needs a national perspective and national leadership in order for it to be effective.

We do commend that to your attention.

I would like to turn for a few moments to the block grant.

We have experienced a decade of progress in the fields of the alcohol and the drug abuse centers, and especially good progress with respect to the partnership between the Federal and State governments.

In my view, when we began to deal with alcoholism and drug abuse as health problems, getting past the inclination to deal with them as problems of morality or criminality and so forth, we began to make a major progress.

Again, I won't go into detail, but I think it's the modern success story with very few parallels in our Nation. We have made massive progress.

Now is the time for us to look to that partnership and determine whether we shall refine it, or whether we shall go in another direction.

The move to block grants was very productive. The States, I think, are in better shape now to provide the leadership which the Federal Government has expected of them. And our choices at this point are, as I mentioned, to continue to refine that partnership, or to use the block grants as a means of disassembling many of the services which have been established throughout the Nation in all the States.

Our choices are clear. They are not easy ones. But I think they are very clear.

We, as many States, have been holding public hearings about the impact of block grants. I need not mention to you some of the anger and hostility that we are getting from many of our communities as we describe the need to cut back on services that we are able to support. Most of these reductions are directly related to what is about a 36-percent reduction in Federal funds available to community-based programs, which means now and in fiscal 1983, this is a serious problem.

We have been able to hold the boat full to some degree, because there has been some overlap that came from the categorical grants from the Federal Government to the block grants. But holding-the-boat is not going to be possible for much longer than another few months. That money has just about already experienced its advantage.

Without any question, there will be massive service reductions going into effect this fall if some action is not taken at the Federal level. We would in that respect implore the committee, again, to give serious consideration to the other recommendations that have been made to appropriate the $511 million which has been authorized.

The States cannot pick this tab up. The States are already having to add revenue shortfall problems to the Federal cutbacks in these programs. Local government is in no better shape. And it would not be very difficult to congregate a panel representing the private sector which would give this committee—and they've already given us—many reasons why the private sector is not in a position financially or economically to pick up the gaps which are being created by cutbacks in public revenues being made available for these programs.

We are seeing 2,500 clients fewer in Connecticut, 50 inpatient beds less in Kansas, losses in Massachusetts, and Missouri, 2,500; in Michigan, 8,000—I could go on, and we will provide the committee with some information attached to our written testimony.

We would implore you at the conclusion to examine very carefully the decision about the funding levels in the block grants. As I mentioned, the choice is clear. It's not an easy choice, but it is clear.

Please make no mistake—that there will be human tragedies if these human services cannot be sustained at a higher level than would be possible at the lower appropriation of funds.

Human tragedies are not uncommon these days, perhaps, but this is a needless one; and one which makes sense economically and socially for us to avoid. I think that they are avoidable, and I appreciate the committee's attention to those kinds of problems.

We know that you face many controversies and many difficulties; please do your best to keep human beings from falling between the cracks of our economic and political turmoil at this point.

We will provide additional information in our statement, and I would be happy to provide any other information the committee might find helpful.

Thank you.

Senator SCHMITT. Thank you.

I wish the panel had left time for other questions, but we'll have to move on. We need to move rapidly on this.

The panelists may also want to comment for the record on this, that is, that even given the advantages of the treatment programs about which you testified, there still are some basic problems in that there is an unbelievable profit to the criminal element in this country to increase the number of addicts, and there is a continuing deterioration in the family structure of the country—both of which are contributing to an almost overwhelming pressure on a significant number of young people to abuse drugs and alcohol.

Please provide me with your thoughts on what we do about those two problems; you only treat symptoms, but those are the basic problems.

Mr. EATON. We would be delighted to respond to that.

[The information follows:]

Letter From Tom McCarthy

May 5, 1982.

Hon. HARRISON SCHMITT,
Chairman, Subcommittee on Labor, Health, Human Services, Education and Related Agencies, U.S. Senate, Washington, D.C.

DEAR SENATOR SCHMITT: Thank you for the opportunity to testify before you this morning on alcohol and drug abuse.

As requested, below you will find some brief, well-researched data regarding the widespread nature of alcohol and drug abuse among youth.

Alcohol abuse

Source: Research Triangle Institute (1978 national study)

One out of three 10th through 12th graders can be classified as alcohol abusers or problem drinkers; another one out of three are moderate to heavy drinkers.

Drug abuse

Source: University of Michigan's Institute for Social Research (1980 national study)

Slightly over 50 percent of high school seniors in the country report using illegal drugs at least once in last year.

Please keep in mind Senator, that both studies above—and most national studies you will see quoted—only survey inschool youth. It is very reasonable to expect that the actual percentage would be significantly higher if the 5.5 million high school dropouts for that age group were taken into account. These dropouts equal 25 percent of the high school age population. (Source: American Council of Education)

Sincerely,

TOM MCCARTHY, *Alcohol/Drug Specialist.*

PREPARED STATEMENTS

Senator SCHMITT. Thank you very much. We may have a couple of other questions for the record. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF RICHARD W. ESTERLY

Good morning. My name is Richard Esterly and I am the Executive Director of the Chit Chat Foundation, a private treatment program in Wernersville, Pennsylvania dedicated to working with persons suffering from alcoholism and other drug addictions.

I am here today to testify on behalf of the Alcohol and Drug Problems Association of North America -- ADPA -- as association representing approximately 10,000 professional alcohol and drug abuse workers across the country. Treatment, prevention, research and other agencies dealing with the massive alcohol and drug abuse problems our nation faces make up one of ADPA's major constituency groups.

Mr. Chairman and Subcommittee members, I urge you to vote to appropriate for the FY 83 Alcohol-Drug-Mental Health Block Grant the full 511 million dollars authorized in the enabling legislation. I believe that as you consider the testimony being given today and thoroughly study the issue, you will recognize that such a course of action is fully justified from an economic point of view.

In the brief time available, I will not attempt to describe in any detail the human suffering caused by alcohol and other drug problems. I think we all know by now that conclusive evidence exists in abundance on the frightening numbers of broken homes, highway accidents, violent crimes and physical and mental harm suffered by our population from these addictions and abuses.

Instead, I want to speak from the perspective of an issue foremost in the minds of most Americans today: money. As a nation, and in our states and towns and rural areas, we are confronted more and more with shrinking budgets, with cost-cutting, and with learning to live with staggering deficits.

In times like these, the expenditure of federal funds can only be justified where there are clear and compelling reasons for doing so. I submit to you, Mr. Chairman and Subcommittee members, that money spent to combat alcohol and drug abuse is, without question, a genuinely sound investment in our country's economic future. I will briefly tell you why I believe this.

In a major study recently concluded by HHS's Alcohol, Drug Abuse and Mental Health Administration -- ADAMHA -- a conservative estimate of the measurable annual cost to American society of alcohol and drug problems was 65.8 billion dollars. That's almost 300 dollars a year for every citizen. Lost production was the chief contributing factor. I ask you, Sir, can we afford this lost production, not to mention the other monetary losses, at a time when the federal government is committed to getting the economy back on track?

Alcohol and drug abuse services, directed from the state level through the ADM Block Grant mechanism, are a sound fiscal investment. In fact, such expenditures are probably one of the best investments of taxpayers' dollars which can be made at the present time.

Cost effectiveness studies, with almost unanimous consistency, indicate that treatment for alcohol and drug problems improves a client's performance in the work place and reduces his post-treatment medical costs. Studies cited in the ADAMHA National Data Book of January, 1980, indicate the following:

--- As a whole, in 12 studies of the results of treatment for alcoholism, a median reduction of 40 per cent was achieved for all clients as regards post-treatment medical care utilization, sick days on the job, or sickness and accident benefits.

--- In a major study of pre-paid group health plans, substantial reductions in medical costs were realized for both alcoholics and their families following treatment. Service utilization, as measured by visits, fell 23 per cent from the period zero to two years before treatment to the period 13 to 18 months following treatment. Absenteeism from work dropped 55 per cent when the same two periods were contrasted. Significant, too, was the fact that after the study was concluded, the three health plans which had agreed to provide treatment services as part of the study voluntarily instituted the services on a permanent basis.

--- And in a study of almost 150 military personnel who underwent treatment in the mid-1970's for alcoholism, the average patient experienced a 69 per cent reduction in the number of days spent in hospitals when the year before treatment was compared with the second year following treatment.

Such typical research findings, while not numerous and while subject to question due to low frequencies of study populations and other methodological considerations, almost all appear to be telling us the same thing. They consistently indicate improvements in post-treatment work habits and patterns and reductions in post-treatment health care costs.

Studies of the cost effectiveness of alcohol and drug abuse programs give results consistent enough and persuasive enough to justify substantial federal backing for such programs. We believe that the economic payoff is just too good to be disregarded.

Although a few states have had the good fortune in recent years to be able to maintain alcohol and drug abuse services at fairly constant levels, the great majority have not. Pennsylvania, for one, is not blessed with a tax base supported by either oil revenues or by recession-proof industries. Few states are, and many face severe budgetary constraints due to high unemployment, reduced industrial production and the like. As regards alcohol and drug abuse problems -- which, incidentally, tend to increase during "hard times" -- services continue to be reduced and trained staff let go. Many persons seeking help have fewer and fewer places to turn. The potential for that substantial return on investment which I have described is diminishing.

In closing, Mr. Chairman and Subcommittee members, I want to leave you with this thought: that it is just plain good business for the federal government to be heavily committed to combatting alcohol and other drug problems through a sound investment program. Providing a reasonable level of fiscal resources to the states through appropriating the authorized amount of 511 million dollars for the FY 83 ADM Block Grant makes good fiscal sense. To do less will, in the long run, cost us far more.

Thank you.

STATEMENT OF RICHARD PRUSS

Not long ago, the editor of a small newspaper in one of the neighborhoods of New York City received an urgent letter. It came from a tormented mother and was sent out as a kind of desperate declaration of her own misery -- at the loss of a child to drugs.

She wrote, in part:

"We are loving, communicative parents and thought our children were above reproach. But our house has become a house of horror. We never know now what our son will do next to get money for his habit... My neighbors do not realize what is happening behind our closed doors."

As it happens, that letter came from a well-to-do family in one of the most prosperous neighborhoods of New York. I am quoting it to underscore the fact, still not adequately understood, that drug abuse is no longer an inner-city affliction alone. It is common enough, everywhere, so that we can speak of the Drugging of America, an epidemic that has spread to every stratum of society.

That makes drug law enforcement a federal concern. It makes prevention a federal concern. And it makes treatment a federal concern. There are Americans who can afford treatment services for their drug-afflicted children. Americans who cannot afford them deserve no less.

That is why official Washington has taken a critical role, in recent years, in helping support drug abuse prevention and treatment. That is why many states,including my own, have lent powerful, sustained assistance to these programs.

And, that is why we are meeting here today, to talk about funding for drug and alcohol abuse programs -- substance abuse services, as they have come to be known.

I want to point out immediately that as fellow specialists we work in a cooperative, not a competitive spirit. Some members of the committee may know that drug treatment programs in the therapeutic community have long and close historical relationships with volunteer programs for the treatment of alcoholics. In a real sense, we are all here as advocates for the same human services.

I do not really need to argue the case for a substantial, permanent federal role in providing support for drug abuse prevention and treatment. Such colleagues of yours as Senator Hatch have made that case eloquently. The Congress as a whole made it when it authorized the Alcohol, Drug Abuse and Mental Health Block Grant and, after careful discussion, set the original $511 million authorization level. President Reagan, who was warned of the threat to a "whole generation" of young Americans and Mrs. Reagan, who has made it a personal priority to call attention to the "Drugging of America", have been equally vigorous in speaking out.

There is ample evidence to support all of this concern. Not long ago, for instance, I reviewed the cumulative statistics on drug reports from hospital emergency rooms compiled through the Drug Abuse Warning Network of the National Institute on Drug Abuse. It confirms what many of us in the drug treatment field have been saying for a year or more: heroin is making another of its comebacks. In the last quarter of 1979, there were about 1,600 "mentions" of heroin/morphine cases. By the last quarter of 1980, that figure was up to 2,179 and for the third quarter of last year, it was approaching 2,400.

That is another of the reasons that drug treatment programs throughout the country have increasingly longer waiting lists. This is the rule for many of the 300 programs represented by Therapeutic Communities of America in 47 states and Canada. As the drug supply increases, so does the demand for our services; many of us, in fact, are swamped with appeals for help.

Finally, in the event you may have missed them, I want to mention the conclusions issued last month by the Research Triangle Institute after a two-year study. The research estimates are that the total economic cost to this country of alcohol and drug abuse and mental illness were $106 billion in 1977; mental illness, $40.3 billion; alcohol abuse, $49.4 billion and drug abuse $16.4 billion.

There can hardly be any doubt that the figures have spurted dramatically higher in the years since. But, the $106 billion figure for 1977 is certainly more than enough to justify a $511 million federal block grant for all these human services in fiscal 1983. A $511 million appropriation scarcely could be called an extravagance in those circumstances, especially because so much of our professional effort is helping to bring down the total costs which this new research has identified.

So the case for maximum appropriations within the $511 million funding limit is beyond dispute logically.

Yet, as we meet here, the prospects for this essential, still very limited support are bleak.

Despite the President's apparently genuine expressions of concern about America's drug-threatened youth, the Administration is now recommending that FY 1983 ADM Block Grant funding be limited to $432 million. We have even heard, although this has not been confirmed so far, that the Administration would like to drop the authorization to that level, which would represent a drastic cut of $79 million.

Focusing on drug abuse funding alone, we find that in FY 1979, the federal contribution to state, local and not-for-profit treatment programs through NIDA was $201 million. In FY 1980, it declined to $199 million and in FY 1981, it fell off even more precipitously to $172 million. We now receive, using the Administration's own FY 1982 figures, $146 million for drug abuse within the ADM Block Grant.

This is a strangely irrational response to a rising demand for treatment services. And it cannot be rationalized by vague appeals to "self-help," or "new federalism" or any other funding formula which purports to deal with these more and more critical necessities by providing less and less money.

Many of us have welcomed Mrs. Reagan's interest in drug programs. To have so prominent a public figure closely identified with the issues of prevention and treatment and to hear her well-informed comments about the fundamental importance of the family in preventing drug abuse is profoundly encouraging.

But, when Mrs. Reagan insists that the funding cuts are not a subject in her "area" it is gravely disappointing--and also damaging to the field of prevention and treatment.

It is noteworthy,I think, that some of Mrs. Reagan's warmest welcomes by young people in our programs have been from those who are in treatment. It is hardly enough, therefore, to lay almost exclusive emphasis upon prevention. Our agencies are deeply committed to prevention services. Much of our staff time is devoted to it and, of course, graduating a drug-free young man or woman is a triumph of prevention in itself because the chances that he or she will return to either drugs or crime are significantly reduced.

The grim fact remains that prevention is not sufficient, even though it may be initially appealing in cost terms. The costs of cutting treatment services will be infinitely greater.

And, in the same way, I would like to suggest that while we welcome the new increases for NIDA research, it is largely pointless to devote scientific skill, public resources and time to enlarging a data base if the information accumulated is not going to be used.

Current statistics and the state-of-the-art knowledge in drug abuse prevention and treatment clearly show that more, rather than less, public support for these services is necessary. It is misleading, even irresponsible, to suggest that more research will somehow make economies at the expense of our young people possible.

I do not, of course, appear before you as an unreconstructed member of the "Let's-throw-money-at-the-problem-and-maybe-it-will-go"school. On the contrary, the programs I represent are, without exception, a striking embodiment of a community-based, self-help approach that is dramatically cost-effective. In New York State, since the futile, expensive, state-operated drug hospitalization system was dismantled several years ago, some $200 million in public funds has been saved -- while our programs have reached, recruited and substantially helped literally thousands of drug abusers.

We could do more, on a much larger scale. Late this month, I received an advisory legal opinion from our state funding agency to the effect that draft-age young men in our program should register for Selective Service. The Federal Act does not exempt such young men from registration.

We don't see why it should. Clients in TCA agencies who are between the ages of 18 and 24 comprise more than two-fifths of the total populations of these agencies. By providing these young men with skilled treatment, we are, in fact, upgrading the quality of the nation's military manpower pool.

By contrast, the nation's armed services are saturated with drugs of every type, a fact established by repeated Congressional investigations. Yet, our frequent appeals that we be permitted to extend effective treatment to active duty personnel have so far been ignored or rejected by the Department of Defense.

Is it logical to maintain that clients of drug-free treatment programs should register for Selective Service but deprive active duty personnel of services that will make them better soldiers and strengthen the nation's military and naval preparedness? We don't think so.

I have raised this as an aside to our main points simply to further establish our competence and commitment to service. Our appeal here is essentially simple: we have established, over a period of years, a convincing record of cost-effective accomplishment. We can handle, with confidence and responsibility, our share of the $511 million Congress should authorize. The consequences of trying to deal with the human necessities involved using either false economies or empty rhetoric will be very serious. They will include more drugs, more crime--much of it violent--and more needless human degradation.

Thank you for inviting us. I will be happy to respond now to questions.

STATEMENT OF DIANA G. TABLER

The National Council on Alcoholism is grateful for the opportunity to present testimony concerning the Federal budget for alcoholism and alcohol abuse programs in fiscal year 1983.

In brief, our appropriations request for 1983 is as follows:

National Institute on Alcohol Abuse and Alcoholism	
Resarch	$32.9 million
Training	5.8 million
Program Support	10.0 million
Alcohol, Drug Abuse and Mental Health Services Block Grant	$511.0 million

* * * * * * * * *

The National Council on Alcoholism is the nation's oldest and largest voluntary health agency devoted to education and prevention of alcoholism and alcohol abuse. Founded in 1944, NCA is comprised of over 200 local voluntary councils on alcoholism, representing thousands of volunteers nation-wide who dedicate themselves and their personal resources to combatting alcoholism and alcohol abuse through community education, prevention, legislative advocacy and public services.

* * * * * * * * *

Alcoholism and alcohol abuse are serious, costly and complex problems that are pervasive in the United States. The Federal government estimates that there are approximately 10 million adult alcoholics and 3.3 million young alcoholics. In addition, alcohol-related problems can affect nearly every American.

A recent government study places the social and economic costs of alcoholism and alcohol abuse at over $49 billion annually. This estimate represents an increase in the total costs from previous studies, and exceeds those for both drug abuse and mental illness. We believe that this should have an impact on Federal budget policy, and include a summary of this government study as an addendum to this testimony.

Federal alcoholism efforts have been seriously impacted by budget cuts in the past 18 months at both the national and State levels.

* Publically supported services have been forced into reductions of as much as 35%. Within the next year, many will close down.

* Federally sponsored research has declined steadily as a result of continuing funding resolutions which limit the funding of new research grants.

* Clinical training activities will soon be completely phased out, and important national training activities, such as medical education grants, state training grants and the National Center for Alcohol Education, will be terminated.

* The Administration has failed to respond to a Congressional mandate to provide funds to initiate the activities of the National Commission on Alcoholism and Alcohol-Related Problems.

* The Office of Personnel Management has elimInted alcoholism treatment as a separate health insurance benefit for Federal workers covered by Blue Cross and Blue Shield.

- OPM has also dismantled its Congressionally-mandated alcohol and drug abuse prevention programs for Federal employees.
- The National Clearinghouse on Alcohol Education has been cut back by over half of its previous capacity.
- National prevention and media campaigns will not be funded in 1983, and
- The Administration requested repeal of amendments to Medicare which would have provided detoxification services at lower cost.

NCA volunteers know that we have to do more, with less. For the cuts at the Federal level have impacted State and local resources as well. We are working toward the goal of maintaining and increasing services throughout the country, but there remains a pressing need for Federal involvement, participation and leadership in our nation's efforts to prevent and control alcoholism and alcohol abuse.

One area from which the Federal government must not retreat is in the area of research. In 1980, the Institute of Medicine of the National Academy of Sciences issued a report calling for increases in the Federal alcoholism research program of 50 percent in each of three years. Consistent with this recommendation, the Administration has requested $32.9 million for NIAAA research in FY 1983, and that is a recommendation which NCA strongly supports.

It is the Government's responsibility to produce scientific information pertaining to the prevention and treatment of alcoholism and alcohol abuse, and it is our responsibility to take that message and give it to the community. In order for volunteers to do that, we need a national research program which addresses issues of immediate importance to the community, such as drunk driving, drinking and its effects on birth defects, the effectiveness of treatment strategies and modalities, domestic violence, and strategies to prevent alcoholism and alcohol abuse among our nation's young people. That is why the President's research request is so important, because, if funded, it will allow NIAAA to go beyond its ongoing biomedical program into areas of clinical studies and investigations into prevention.

NCA strongly urges this Subcommittee to approve $511 million for funding of the alcohol, drug abuse and mental health services block grant, as authorized by Congress last year, and opposes the transfer of administrative responsibility to the Assistant Secretary for Health as proposed by the President. Publically supported alcoholism services are facing nearly insurmountable odds as a result of budgetary pressures at the State and local level. The block grant money is critical to the maintaining of state and local service systems, and we urge its continuation.

NCA believes that the elimination of Federal support for clinical training in alcoholism is a mistake. Medical education, in particular, is an area of need with potentially great benefits to public health. And increasingly physicians are calling for better education on alcoholism. Federal leadership in this area is critical, and should be continued through efforts at curriculum development by NIAAA.

Finally, NCA urges this Subcommittee to consider the impact of yet another Continuing resolution in FY 1983 on alcoholism programs. If Congress fails to make a regular appropriation, as it has every year since 1978, the NIAAA research will be severaly crippled in the short run, and all but eliminated in the long run. The inability of the Institute to award new grants has already begun to turn researchers away, and it takes years to rebuild, and bring respected researchers back to the field.

A Continuing resolution in 1983 will mean less than 5 new and competing research awards, it will force cancellation of the cooperative agreement with Rutgers University for the Journal on Alcohol Studies, it will seriously jeopardize implementation of the clinical research center at the National Institutes of Health, and curtail needed data collection efforts. We strongly urge that the Subcommittee act to establish an appropriation for 1983.

Thank you.

NIAAA Research Priorities for 1983

1. Continued development of a clinical research program in the National Institutes of Health Clinical Center. The program, begun with partial staffing in 1982, conducts research oriented toward the development and testing of improved diagnostic and therapeutic techniques.

2. Research into the causes of deaths and injuries associated with alcohol-related behavior including drunk driving and alcohol-related violence. Research is needed to establish a clear understanding of the specific factors leading up to alcohol-related deaths and injuries, which can facilitate the development of techniques to intercede prior to the commission of violent or accident-causing behavior.

3. Prevention and early intervention research in support of the Department's health promotion goals for 1990. Research will support the development of basic techniques and principles relevant to the prevention of alcohol problems, and will support studies to test the effectiveness of specific prevention and early intervention strategies and assess the impact of environmental and legal change.

4. Research into the causes of alcoholism, including continued investigation of the genetic components of alcoholism. Studies will focus on the identification of specific heritable traits which underlie the genetic transmission of alcoholism susceptibility.

5. Research to support the development of improved diagnostic procedures. Alcoholism treatment begun early in the course of the disease has a much greater chance of success. There is need for improved techniques for early identification of persons with alcohol problems which can be used easily and inexpensively by physicians and others in the health care field.

6. Treatment research focusing on the development of improved treatment techniques and methods for assessing new and existing treatment procedures. Support is included for a cooperative effort with the Health Care Financing Administration to test the provision of Medicare and Medicaid coverage of alcoholism treatment in free-standing residential and outpatient facilities.

FACT SHEET

"Economic Costs to Society of Alcohol Abuse and Alcoholism"

* A newly released U.S. Government report places the economic costs of alcoholism and alcohol abuse to American society at $49.4 billion annually.

* This estimate represents an increase in total costs due alcoholism and alcohol abuse from previous studies.

* Of the total $49.4 billion, the largest single cost element is $23.6 billion representing lost productivity.

* Economic costs for drug abuse and mental illness are less. Drug abuse is estimated to cost society $16.4 billion per year, the costs of mental illness were placed at $40.3 billion.

- A breakdown of costs related to alcoholism and alcohol abuse, based on data from 1977, is as follows:

Direct Costs of Treatment and Health Services Support	$6.372 billion
Premature Deaths	10.715 billion
Lost Productivity	23.593 billion
Lost Employment	2.481 billion
Other Related Costs (including motor vehicle crashes, crime, property loss and social welfare)	6.213 billion
TOTAL	$49.374 billion

- A total of 65,325 deaths are estimated to have occurred in 1977 as a result of alcoholism and alcohol abuse. 29,555 are directly attributable to cirrhosis, alcoholic psychosis, pancreatitis, gastro-intestinal and other related diseases. 35,744 are attributed to indirect causes of death, such as alcohol-related motor vehicle accidents, falls, fires and homicides.

- No attempt is made to place a dollar value on the pain, suffering and family disruption which accompanies alcoholism and alcohol abuse. And the researchers suggest that the cost estimates, as large as they are, "probably err on the low side" due to many areas for which there is inadequate data.

Source: "Economic Costs to Society of Alcohol and Drug Abuse and Mental Illness, -- 1977," Research Triangle Institute, October, 1981; Alcohol, Drug Abuse and Mental Health Administration (ADAMHA). Contract No. 283-79-001 U.S. Public Health Service.

Statement of Thomas R. McCarthy

My name is Tom McCarthy. One of my roles at the National Youth Work Alliance is that of Alcohol/Drug Abuse Specialist.

The National Youth Work Alliance is a membership organization of over 1,200 locally controlled youth programs across the country. They include such programs as recreation and counseling centers, juvenile delinquency prevention programs, youth employment programs, runaway centers, group homes and multi-purpose programs. Although only a very small percentage of our members are primarily alcohol or drug prevention/treatment oriented, almost all of them, in the natural course of their work, encounter serious and widespread alcohol and drug abuse problems among the youth they serve.

Very, very few of our member programs receive alcohol or drug funds or stand to gain financially from a high appropriation by this subcommittee. It should be clear, then, that I am not here to advocate for our member programs.....I am here to advocate for our country's most important natural resource....our youth.

Our local programs deal with alcohol and drug abuse problems as well as they can but what will happen when the community alcohol and drug treatment programs to which they refer serious cases have to cut back services to non-paying clients or close their doors all together? What will happen when NIAAA nd NIDA's prevention branches and dissimination clearinghouses no longer can provide models, manuals and other important support materials? We at the National Youth Work Alliance know the answers to both of these questions because these situations have already begun to develop. The answer, quite simply is that youths who need treatment won't get it and at risk youths who could be prevented from abusing alcohol and drugs won't be.

Other members of this panel will remind you of responsible state and national studies which show the direct dollar pay back of alcohol/drug abuse expenditures. Clearly, this is enough reason to fund NIAAA/NIDA and the block grant at their authorization levels. I wish, however, to remind you that your investment will pay back more than just dollars. It will prevent the inestimable human tragedies of lost jobs and careers, psychologically and economically devastated families, and ruined lives. Most of us are aware of these human tragedies because we've seen or heard about them among our neighbors, co-workers, and relatives. But unless you are a youth worker, you are probably not fully aware that your investment will also prevent, among tens of thousands of youth, the life long tragedies of police records, incompleted education, lost hope, and chronic failure---in short, human atrophy among those we need to lead our country in the future.

The essence of my message to you is short and simple. As you consider the alcohol and drug abuse appropriations remember the importance of our country's next generation, remember the widespread problem of alcohol and drug abuse among them and remember that you are being presented with one of the best investments opportunities you'll ever come across.

Our recommendations, then, are:

--that the Alcohol, Drug Abuse and Mental Health block grant be funded at its $511 million authorization.

--that at a minimum, the Administration's dollar request for NIAAA and NIDA's research programs be supported and a requirement be made that some of those funds be set aside for research as to which prevention strategies work best.

--that NIAAA and NIDA's clinical training program be reduced rather than eliminated as proposed by the Administration and that greater emphasis be placed on training front line counselors, para-professionals and youth workers.

STATEMENT OF KENNETH L. EATON

The National Association of State Alcohol and Drug Abuse Directors (NASADAD) is pleased to have this opportunity to present a statement for the Subcommittee hearing record on the President's FY 1983 budget request for the Alcohol, Drug Abuse and Mental Health (ADM) Block Grant and the programs of the National Institute on Alcohol Abuse and Alcoholism (NIAAA) and the National Institute on Drug Abuse (NIDA). As Chairman of the NASADAD Legislative Committee, I am hear today to urge members of the Subcommittee to continue to support these important programs which assist the States in their efforts to prevent and treat alcoholism and drug abuse.

State Alcohol and Drug Abuse Authorities

The State Alcoholism Authorities and the Single State Agencies for Drug Abuse Prevention were created by the States in response to Congressional action in the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 and the Drug Abuse Office and Treatment Act of 1972, respectively, to have sole responsibility in the State to plan and administer a Statewide alcoholism and/or drug abuse prevention and treatment network. Under the Omnibus Reconciliation Act of 1981, which created the ADM block grant and significantly revised the purpose of NIAAA and NIDA, the mandate for these State structures was repealed. However, I am pleased to inform you each State has chosen to retain this State structure to coordinate State alcohol and drug treatment and prevention services and a portion of the Federal ADM Block Grant.

Increased Appropriations for Alcohol, Drug Abuse and Mental Health Block Grant

The States are extremely comfortable with the block grant as a funding mechanism. It not only provides the States increased flexibility in the allocation of Federal dollars, but has also resulted in the reduction of burdensome Federal regulations which often infringed on the State's ability to allocate service dollars where they were needed most at the local level.

NASADAD urges the Subcommittee to appropriate the full amount authorized for the ADM block grant under the Omnibus Reconciliation Act of 1981 for the Fiscal Year 1983 - $511 million. The $511 million authorization level was not an arbitrary figures chosen by members of Congress, but rather represents a great deal of debate by these members to determine an amount which would provide States the minimum amount necessary to continue alcohol and drug abuse prevention and treatment services in FY 1983.

In FY 1982, $432 million was appropriated for the ADM block grant. Since this was a transition year from one funding mechanism to another, ADAMHA was allocated $3.9 million of the block grant authorization for purposes related to overseeing this transfer and providing technical assistance to the States. Of the $428.1 million allocated for services, approximately $223.5 million was allocated for alcohol and drug abuse services at the State and local level. The remainder of the appropriation was allocated for mental health services. Representing an almost 36 percent reduction from the Federal government's support for alcohol and drug prevention and treatment services in FY 1980 (without including an adjustment for inflation in those years), the FY 1982 alcohol and drug abuse portion of the ADM block grant did little to supplement State efforts to maintain the service network. Instead the State service system has been able to survive in FY 1982 , only because of a brief overlap of funding cycles which occurred with the transfer of the responsibility for Federal service dollars to the States.

I suggest that even in this time of fiscal austerity and attempts to devise ways to balance the Federal budget and reduce the Federal deficit, that members of this Subcommittee seriously consider increasing the Federal government's support for alcohol and drug prevention and treatment. I doubt if there is a better way to spend the taxpayers' money; a small investment in alcoholism and drug abuse treatment has been documented over and over again to reduce related social costs and costly medical treatment and to increase significantly tax revenues through increased productivity and employment. For example, in the State of Michigan we have determined that every dollar invested in alcoholism and drug treatment is returned directly in the form of increased tax revenues. Also, at least two additional dollars are returned in the form of decreased government expenses and increased economic productivity.

Members of this Subcommittee should be aware that reductions in the Federal support for alcohol and drug programs may result in some immediate short term cost savings, but will ultimately drain our nation's economy of a significant amount of resources over an extended period of time, inhibiting improvement of the national economic performance. When Dr. William Mayer, Administrator, Alcohol, Drug Abuse and Mental Health Administration, appeared before this Subcommittee the first week in March, he reported a recent study sponsored by the Federal government to determine the economic costs of alcohol, drug abuse and mental illness problems to society , estimating the cost in 1977 to be $106 billion. This estimate was arrived at by combining costs such as health care, treatment and rehabilitation services, lost productivity due to illness or death and costs incurred from alcohol or drug induced crimes. It must also be remembered that in times of high unemployment and a depressed economy that alcohol and drug-related problems do not decline, but rather increase significantly.

If I may, I would like to provide you with some information on the impact of the recent decline in Federal support for alcohol and drug prevention and treatment services on the State service network. This information is attached as an appendix and focuses on the reduction in service capability within selected States as a result of the funding reduction accompanying the ADM block grant in FY 1982 and in some cases, includes information on the impact of the rescission of sixty percent of the FY 1981 alcohol and drug abuse formula grants, a rescission which almost immediately preceded the President's request to reduce further Federal support for alcohol and drug abuse services by twenty-five percent. Please note that only a few States have been able to obtain any significant increase in their State appropriations to make up for the Federal government's lack of commitment to these services. Another recurring theme in the State descriptions is that although clients are being turned away or placed on long waiting lists and programs are closing due to a lack of available resources, the full impact of the Federal reductions in FY 1981 and FY 1982 will not be felt until FY 1983.

NIDA and NIAAA Research Programs

I would also like to comment on the President's budget request for NIDA and NIAAA. The research and training programs of these Institutes are important to the State alcohol and drug abuse authorities just as is the Federal government's support for alcohol and drug abuse services.

NASADAD supports the President's request for an increase in both NIAAA'a and NIDA's research and program support line items as proposed in the FY 1983 budget request. By proposing increases in these research programs, the Administration has continued the policy adopted last year of emphasizing and providing increased support for research on these serious public health problems.

Historically, research focusing on alcohol and drug-related problems has been grossly underfunded. The Federal investment in research, particularly in alcoholism, has not been commensurate with the burden of these illnesses on any basis of comparison one chooses (research dollars per patient, per cost of illness, per industry dollars, per tax revenue dollars). The proposed increase in NIAAA's research budget is necessary to capitalize on past successes of the program which have opened new doors into understanding of this major public health problem. An increase in the NIDA research budget is necessary to allow the Institute to carry out some of its new responsibilities. For example, NIDA has been given complete funding responsibility for the Drug Abuse Warning Network (DAWN), which was previously co-funded by the Drug Enforcement Administration, and must also assume the costs of some national projects which were previously funded from the community project grant and contract line item.

Lack of Budget Request for NIDA and NIAAA Clinical Training Programs

NASADAD joins virtually all elements of the alcohol and drug abuse fields in opposing the President's elimination of the Institutes' clinical training programs. NIDA has built a national training system over the past decade, consisting in its major components of the National Drug Abuse Center, five Regional Support Centers, grants to practically all States and Territories for a State Training Support Program (STSP) and at times various other national efforts such as the Career Development Center, Management Intern Program and others. NIDA has also been involved in efforts to assure that education about drug abuse is put into general medical education curricula in medical schools throughout the country. NIAAA has a similar system with a National Center for Alcohol Education and, in the past, required training and education programs. There are State Manpower and Development (SMDP) programs funded in practically all the States, and a national credentialling effort as well.

The NIAAA and NIDA clinical training programs are unique in that the majority of funding for these programs has gone either into development of training packages or overhead costs for developing national training systems which are focused on the front line worker, whether that individual is a physician, social worker or former abuser who is a counselor. The funding has been targeted for the areas of alcoholism and drug abuse and there has been little funding from either Institute to support general professional training. In addition, what funding has gone into advanced degree and other professional programs has been structured through grants and contracts to assure specific training for the appropriate fields.

Although the Administration believes that non-Federal entities, especially the States, will continue to fund these programs once Federal support is withdrawn, the States are wondering where they will find the resources to support these important programs when all their money for alcohol and drug abuse programs is required for prevention and treatment services. It must be remembered that although the States support the block grant as a funding mechanism, the approximately 36% reduction in Federal funds for alcohol and drug abuse services has placed a severe strain on the service network.

I must also mention that traditional academic sources rarely provide the type of training services which are available through the NIAAA and NIDA national training system and although private sources often convene workshops for alcohol and drug counselors, expensive registration fees are usually required which prohibit the involvement of the often underpaid staff of publically funded treatment programs. Without the opportunity to increase their skills in low to moderately priced training prograsm,with the high incidence of staff burnout in this profession and the low wages, many counselors will be leaving their jobs and will be replaced by counselors who do not have the opportunity to attend workshops specially modeled for alcohol and drug abuse workers. The quality of services will certainly decline without the availability of adequate training for the program level personnel.

In these times of fiscal restraint, budgetary decisions have often made our basic policy decisions for us. NASADAD urges the Subcommittee to review carefully the alcohol and drug abuse clinical training programs and to allow the policy issues to be decided before involving budgetary concerns.

Request for a Regular Appropriations Bill for NIDA and NIAAA in FY 1983

NASADAD also encourages the Subcommittee to pass a regular appropriations bill for the Department of Health and Human Services in FY 1983. Operating under a continuing resolution for the past few years has had a detrimental impact on not only the Institutes' abilities to carry out new programs requested by Congress, but also has impeded the States' abilities to effectively plan and budget their resources.

Thank you for the opportunity to appear before you today.

APPENDIX

* Arizona. The State agency has been able to maintain the present level of contracts with treatment agencies, although no new contracts have been awarded in FY 1982. The overlap of the State and Federal fiscal years and the overlap of the ADM FY 1982 block grant award and previous Federal service support allowed for the delay of the shortfall in Federal support which will be felt in FY 1983 when the overlap has been stretched as far as it can go. State legislators are concerned about State sources of revenue shrinking

during FY 82/83 along with the ever-increasing population in Arizona and have indicated they will not be able to make up for the sharp decline in Federal support for alcohol and drug abuse services. Therefore, they anticipate having to reduce significantly support for the provision of treatment services and a layoff of clinical and State agency staff beginning in FY 83.

* Connecticut. Because of the FY 81 formula fund rescissions: grants to eight hospital alcohol detox programs treating 2,000 clients were eliminated; funds were withdrawn for one halfway house and three outpatient programs treating approximately 50 residential clients and 200 outpatient clients; funding was cut for seven job developers whose primary responsibility was to assist clients in treatment programs to find employment, education and training opportunities (they placed approximately 900 clients on an annual basis); funding for a Department of Correction outpatient drug free program was reduced; funding for five community based outpatient counseling services, treating approximately 150 clients; approximately 1,000 treatment staff will not receive training in such areas as basic and advanced counseling skills, cross cultural counseling skills; and approximately 20% of the SSA staff positions had to be eliminated because of a lack of funds. A funding reduction equal to the FY 1981 formula grant rescissions for Connecticut has accompanied the FY 1982 block grant award. Similar reductions in services will have to be made. Any further reductions in the SSA will seriously hamper its mandate of program oversight, statistical data collection and maintenance of a coordinated planning effort. Replacement of these funds by the State is unlikely.

* District of Columbia. State authority staff would be reduced by three planning positions and one clerical position, directly effecting the quality of planning efforts. The ability to collect, manage and analyze drug data efficiently or to conduct evaluation of drug treatment, training, rehabilitation or prevention programs would decline. Funds for implementation projects would decline and adversely affect women, youth, handicapped, Spanish speaking and elderly populations. One hundred outpatient drug treatment slots would be cut, 16 residential slots for drug abusers and a substantial decrease in alcohol treatment services would be necessary.

* Florida (alcohol only). Federal budget reductions accompanying the ADM block grant and Title XX reductions will eliminate capability to serve an estimated 13,149 clients. Replacement of Federal funding reductions with State revenues is unlikely.

* Iowa. Four and one-half full time positions were eliminated at the State authority. Additional State support allowed the availability of services to be maintained, however, the number of clients seeking treatment has increased by 10% in the past year, and the programs are approaching maximum capacity beyond which additional services to meet the increased demand will not be available. One program was forced to discontinue its methadone services to drug clients.

* Kansas. Alcohol and drug abuse funding reductions resulted in a 11 percent across-the-board reduction in substance abuse prevention and treatment programs directly funded by the Kansas State authority. This reduction was imposed on agencies which had not received grant increases since FY 79 even though inflation has increased costs dramatically during the past three years. In addition, reductions in Medicaid funding for substance abuse programs (effective on May 1, 1982) will virtually eliminate inpatient treatment services for indigent clients. The FY 1983 State budget projects the loss of 50 inpatient treatment beds at three State Hospitals as a result of reduced funding through the mental health services budget and the loss of a 20 bed reintegration facility for substance abuse clients. One 44 bed intermediate facility has closed and another 32 bed intermediate treatment facility is preparing to close because of the lack of available funding resources.

* Kentucky. Because of the FY 1981 rescission of eighty percent of Kentucky's alcohol and drug formula grants, a ten percent reduction in funding support for all directly funded treatment and prevention programs has occurred in FY 1982. No new programs have been funded or are expected to be funded in FY 1982 or FY 1983. Because of the overlap of Federal funds in FY 1982 with Federal FY 1981 funds, the impact of the reductions has been softened, however, it is expected that beginning July 1, significant reductions will have to be made in services.

- * Maryland (drug). Budget cuts have resulted in the decrease of treatment and ancilliary services such as urine surveillance, family and individual client counseling, community outreach and education, and client follow-up in all service modalities, but especially in the areas of methadone maintenance, residential treatment, outpatient drug-free counseling, and criminal justice and civil commitment programming. These programs have been reduced in funding levels from 10-25 percent, with the result being a decrease in quality of services to a minimally accepted level. The negative impact of these program cuts are: increased criminal involvement of methadone clients; reduction of outpatient drug-free counseling services impacting on such agencies as juvenile services, social services, and the public school system; reduction in training for clinical staff of programs will further reduce the quality of services provided.

- * Massachusetts (alcohol). Funding reductions accompanying the ADM block grant allocation have resulted in the loss of 28 halfway house beds, 182 bed days in a short-term residential facility, 35 beds in a residential detoxification facility, loss of 4,362 outpatient visits and 830 outreach and training events.

- * Minnesota. Ten drug abuse treatment programs will lose Federal funding; two of these programs will close, the other eight are expected to continue at a reduced level. Four of the seven NIAAA direct funded demonstration projects will lose their funding, support for the remaining three projects will be provided by the State at a reduced level. One hundred clients per year who participate in bed and lodging programs for chronic alcoholics will not receive these services. Transportation to and from detoxification centers has been funded with Federal money. No further funding will be made available for these services; the number of clients transported will be reduced from 12,000 per year to 4,500. Loss of these transportation services is estimated to result in a 30% reduction in the number of clients entering treatment. The State will also lose the capability of evaluating and redesigning the detoxification system and will be unable to provide training for detoxification staff.

- * Mississippi. As the result of Federal cuts, outpatient alcohol and drug services have been reduced by 40 percent. One Federally funded residential alcoholism program will lose its funding as of September 30, 1982; the program served 200 or more clients per year.

- * Missouri. In FY 1981 the treatment capacity in the community based programs was reduced by nine percent, affecting 2,058 individuals. A continuing decrease is forecast for FY 1982. A statewide prevention/education effort which provided information and education services to 43,097 persons annually was eliminated. Seventy community based programs which served as front-line agencies in providing counseling and treatment services at the community level received across-the-board budget reductions of 30 percent.

- * New Hampshire. Over 500 clients will be left unserved. These are clients currently being served as opposed to the total number in need of services.

- * New Jersey (drug). The reduction in Federal support has resulted in the inability to treat 4-5,000 clients annually which represents a one-fifth to one-quarter reduction in New Jersey's total treatment capacity. Twenty-four treatment programs have had to close intake to new clients and reduce the level of services provided to those clients already in the treatment system. Waiting lists have developed in a time when New Jersey is continuing to witness a tremendous high demand for opiate drug treatment services due to the large influx of heroin which has been available in the Northeast corridor for the past several years.

- * New York (drug). The net result of Federal budget reductions will be the loss of over 3,000 community treatment slots statewide, as well as the serious curtailment of State drug prevention, training and other special emphasis activities. These cuts have been made at a time when New York has been experiencing an increasing drug problem.

- * South Carolina. The South Carolina legislature appropriated an additional one million dollars for the treatment and prevention of alcohol and drug abuse in FY 1982. This appropriation assisted the State in reducing the impact of the Federal budget reductions in FY 1981 and 1982. However, if current funding levels and current program levels remain constant through FY 1984, the State agency is expecting a $1,300,000 deficit in FY 1984. Therefore, the State authority intends to begin phasing out support of various programs in FY 1983. Specifically, plans call for a program phase-out operation which would impact residential facilities (halfway houses) that provide short term, twenty-four accommodations of a therapeutic nature in group settings for persons who have been dependent on alcohol and/or other drugs. Twelve of these facilities would be closed in FY 1983, one residential drug treatment center for adolescents who become severely dysfunctional because of drug abuse will be closed and also in jeopardy are funds allocated to support the South Carolina Alcohol Safety Action Program. Further reductions would be made in FY 1984.

* Utah. Although Utah did not present information on the impact of the funding reductions already made, the State authority did indicate the impact of the FY 1983 appropriation for the ADM block grant, if there is no increase in the appropriations from the FY 1982 level. Specifically, 164 alcohol treatment slots will be eliminated along with 83 drug treatment slots, which will result in a economic cost to Utah of approximately $5 million as the result of 1,201 clients not receiving services.

* Vermont. In FY 1982, Vermont lost one residential treatment program for alcoholics, a halfway house, and instituted a variety of other minor alterations. Were it not for an increase in alcohol tax dollars to finance other progams of treatment and prevention, losses would have been substantially more severe. An 11 percent reduction in client services is anticipated in FY 1983 because the Vermont General Assembly is not able to further increase State funds allocated to alcohol and drug programs.

* Wisconsin. In FY 1980, 95 alcohol and other drug abuse programs in Wisconsin were funded from Federal sources. This was reduced in 1981-82 to 57 and in 1983 the proposed number of programs funded will be further reduced to 45. Almost 70% of the Federally funded programs were for high risk or underserved populations, including minorities, youth and women. These reductions have come at a time when very limited State/private funds are available to assume the costs of these programs and consequently projects have been phased out or substantially reduced in operations.

* Guam. The FY 1981 formula grant rescission resulted in the closing of Guam's only residential program for substance abusers, leaving Guam with only methadone detoxification and maintenance and drug free outpatient services. The nearest jurisdiction with an adequate service system is Hawaii, 4000 miles away. Also, Guam was only beginning to catch up with the larger jurisdictions in taking advantage of crucial categorical grants to build a minimally adequate services system, leaving Guam in an adverse funding position indefinitely as the result of the implementation of the block grants based on previous categorical project and formula grant awards.

MENTAL HEALTH PANEL

STATEMENTS OF:
ELEANOR KOHN, NATIONAL MENTAL HEALTH ASSOCIATION
ELEANOR OWEN, THE NATIONAL ALLIANCE FOR THE MENTALLY ILL
DR. CAROLYN B. ROBINOWITZ, AMERICAN PSYCHIATRIC ASSOCIATION
DR. GARY VANDENBOS, AMERICAN PSYCHOLOGICAL ASSOCIATION AND THE ASSOCIATION FOR THE ADVANCEMENT OF PSYCHOLOGY
DR. ROBERTA B. MILLER, CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS AND THE INSTITUTE FOR SOCIAL RESEARCH
DR. RICHARD ENGLISH, COUNCIL ON SOCIAL WORK EDUCATION
GOTTLIEB SIMON, MENTAL HEALTH ASSOCIATION OF THE DISTRICT OF COLUMBIA
AARON LIBERMAN, NATIONAL COUNCIL OF COMMUNITY MENTAL HEALTH CENTERS

Senator SCHMITT. The next panel, would you come forward, please?

The subcommittee will now hear testimony from representatives of the National Mental Health Association, the National Alliance for the Mentally Ill, the American Psychiatric Association, the Association for the Advancement of Psychology, and the Consortium of Social Science Associations and the Council on Social Work Education.

If the witnesses will come forward, we will begin.

Your prepared statements will be included in the record in their entirety. You may proceed according to any arrangements you have made among yourselves. I hope you will as much as possible adhere to the time limits.

It is my understanding you want to distribute the half-hour between you; who is the moderator?

STATEMENT OF ELEANOR KOHN

Ms. KOHN. Thank you. I am Ms. Eleanor Kohn, and I am submitting a statement today on behalf of the National Mental Health Association, the National Council of Community Mental Health Centers, the D.C. State Mental Health Advisory Council, and the Mental Health Association of the District of Columbia.

Also, the Mental Health Association of the National Council, I'm submitting a longer statement for the record. I have it here.

In addition, the National Alliance for the Mentally Ill supports all our recommendations, and we certainly endorse the statement being made for the alliance today.

We have come here together today to present united testimony and identical funding recommendations for Federal programs impacting on the mentally ill. We hope that by doing this we can assist the subcommittee with what we know is an extremely difficult task of setting Federal priorities.

We hope, also, that by speaking with one voice, to emphasize to you the extent of our concern regarding this committee's actions last year.

Our organizations are concerned about the 1982 budget levels in mental health programs, particularly mental health services and research.

We are acutely aware of the fiscal problems facing you. But a decrease in support for mental health services and research can only add to those problems. And I would like to explain that.

Mental illness costs this Nation at least $40 billion a year in direct and indirect costs. It accounts for more days of inpatient care than does any other illness. At least one-third of all the hospital beds in this country are occupied by the mentally ill.

If this committee is concerned about soaring mental costs, and well it must be, certainly one of the first and most cost-effective priorities that you must have must be encouragement and support of research to prevent mental illness and services to treat it.

I would like to give you some examples:

First, from your own Congressional Office of Technology and Assessment, which reported that hospitalization for physical ailments were reduced from an average of 111 to an average of 53 days by special therapy. This resulted in a $1.1 billion saving, and certainly that was greater than the cost of the therapy.

Another study provided psychological intervention for a group of elderly patients hospitalized with broken hips. The control group left the hospital 12 days earlier; twice as many of them returned to their own homes rather than to institutions. The yearly cost savings, $190,000, compared to $10,000 for psychiatric consultation.

I can go on and on with additional studies.

Given these documented facts it would seem highly logical for mental health service funding to be increased. We know that high unemployment is pushing up the admissions to community mental health centers and utilization of their services.

Instead, the administration has proposed for 1983, $432 million for the ADM block grant, the same as fiscal year 1982.

This is fully 37 percent less than for the fiscal year 1981 level.

That, gentlemen, is fiscally counterproductive.

In addition, such reductions provide little incentive for potential providers to reach a state of independent financing for the services that they do deliver.

We encourage you to recommend an adequate level of mental health funding.

The basic problem of growing mental health costs cannot be minimized and cannot be resolved with an austerity mental health package; and without adequate mental health services, those medical costs will soar even more.

Our organizations strongly believe that it is prudent, cost beneficial and essential that the $500 million authorized in the 1982 Omnibus Budget Reconciliation Act be appropriated.

This is still $130 million less for mental health services than was appropriated in 1980. It would insure provision of quality mental health services which the people and the Congress and the administration want to encourage. Access for all—regardless of ability to pay—is a worthwhile objective.

Unfortunately only 30 percent of mental health center revenues come from individuals and private payment, and a substantial percentage of service reimbursement remains the responsibility of social insurance mechanisms such as medicare, medicaid type of claim.

Since the birth of community mental health centers in 1963, Federal dollars have been invested wisely; and alternative sources of financing have been sought through medicare, medicaid, title XX, and the increasing investment of State and local dollars; and community mental health centers have become recognized as high quality providers of mental health services for America.

Senator SCHMITT. You're overtime already.

Ms. KOHN. OK.

I would just like to mention to you that NIMH research is badly in need of additional funding. There've been significant advances made in the field. Unless we have additional research-training funds, we will lose many of those advantages.

We would like to talk with you about St. Elizabeths Hospital——

Senator SCHMITT. Your entire statement will be in the record.

Ms. KOHN. All right, thank you.

Senator SCHMITT. In fairness to the other members of the panel.

Ms. KOHN. Yes; we are submitting our papers for the record.

STATEMENT OF ELEANOR OWEN

Ms. OWEN. Thank you very much, Mr. Chairman.

My name is Eleanor Owen. I am vice president and cofounder. I welcome this opportunity to provide testimony on behalf of the National Alliance for the Mentally Ill. The alliance was founded a few years ago because no one else was doing what we saw needed to be done.

We are a nonprofit organization with statewide coalitions and hundreds of self-help-advocacy groups across the Nation.

I have come almost 3,000 miles from the Pacific Northwest to try to convey to you in 3 or 4 minutes the urgent concerns of the families of the chronically mentally ill.

We have submitted written testimony.

Of singular and primary significance is our plea for major increases in funding for research in the neurosciences.

In this, I have a vested interest: 17 years from now I do not want my healthy daughter to come to me and say, "Momma, you are not only a sister and an aunt, a cousin, and a mother of a schizophrenic, you're also a grandmother."

I will do everything in my power to see that that does not happen. However, I can't do this without your help.

We lag behind France and Sweden in the area of brain research. Without breakthroughs, such as those found in T.B., polio, and diabetes, this plague will continue to go on and on. The cost is up to $40 billion a year to this country.

So we are requesting that you fund the research to $180 million.

We are also requesting the recommendation that research can be funded at $30 million with a proviso that each grant carry an obligatory payback in public service. What happens is that the author actually trains people who then buy out of the system and we never get—the taxpayer never gets—what he is paying for.

Our second and last focus is that we must prioritize the severely and chronically mentally ill as primary recipients of publicly funded mental health services. We have spent billions of dollars to develop a vast system of community mental health services, and yet the data show we have not deinstitutionalized nor rehabilitated nor improved the quality of life of these mentally ill individuals, on whose backs the whole system has been developed.

We can no longer continue to fund out of the public dollars the college professor in midlife crisis, the harried housewife—we can't go on to do that. We must focus on the chronically and severely mentally ill.

And the way to do that is through the NIMH community support program.

This program is the only one that is focusing on and addressing the needs of that particular population. It has demonstrated that they are keeping people out of the hospitals; there's been a 52-percent rehospitalization rate reduction. We must continue this particular program.

And we are asking that there be an $11 million appropriation to continue that program.

Now, there's one other issue, the vocational rehabilitation program. We have got to begin to get these less-dysfunctional chronically mentally ill people back to work.

We have to remember that 40 years ago most mental hospitals were self-supporting. The mentally ill people in those hospitals worked supporting the hospital. Those people must be given an opportunity to retrain and to work.

Almost everyone acknowledges schizophrenia devastates the lives of those in its grip. Few people realize, however, that the lives of 8 million family members are irreparably damaged by this. The stigma is indelibly marked on them. And for that stigma to go we must find a cure.

Thank you very much.

Senator SCHMITT. Thank you.

Next? There are a number more witnesses and only 20 minutes.

STATEMENT OF DR. RICHARD ENGLISH

Dr. ENGLISH. Thank you. I am Dr. Richard English, president of the Council on Social Work Education, and a member of the faculty of the University of Michigan.

The council is an organization composed of 83 graduate schools of social work in over 200 graduate programs of social work in leading universities and colleges across the country. Over 40,000 students are enrolled in these programs, and they are taught by 4,000 faculty members.

Our concern is with the education of individuals to serve in administrative, research, and service delivery roles in the mental health and social service systems.

We are testifying today on training programs in mental health administered by NIMH, and on the research programs of NIMH.

We have submitted testimony, Mr. Chairman, on child welfare; we'll only mention it briefly today.

The current economic problems of the country, including severe unemployment in many areas such as my home State of Michigan, create a greater demand for mental health and social services programs. As more families fall into low income, poverty, and no-income-situations, there are greater demands placed on our social programs as well as our income support systems.

We feel Federal support is necessary in professional education programs in mental health to assure an adequate supply of well trained specialists for those programs involved, and to assist in providing equal access to education in the health professions to train particularly minority peoples.

Both the mental health training program of NIMH and the child welfare training program of the Children's Bureau and OHDS, serve those purposes. These two programs have afforded social work education, the opportunity to attract highly qualified young people for careers in social work, including ethnic minorities and the disadvantaged.

In 1980, Mr. Chairman, 30 percent of the baccalaureates, 18 percent of the masters, and 20 percent of the doctorates in social work were awarded to the ethnic minorities.

Also in 1980, 66 percent of all ethnic minority students enrolled in masters programs received financial support, and 71 percent of those enrolled in doctoral programs. These talented people will then practice their skills and programs where they need professionals most.

Recent manpower studies by the President's Commission on Mental Health, ADAMHA Manpower Policy Analysis Task Force, and the GMENAC study have produced information on mental health manpower.

We estimate from these reports about 200,000 mental health professionals, including social workers, psychologists, nurses and psychiatrists, will be needed by 1990. The actual supply for these disciplines was estimated in 1978, and the gap in 1980 to be a gap of about 120,000. This leaves a shortfall of 80,000 or 66 percent of the projected number of mental health specialists needed by 1990.

There would have to be a substantial annual growth rate in the mental health specialties of all these disciplines to meet these demands. In the best of years with substantial Federal support for mental health training, those growth rates were more than adequate; but since 1978 the extent of Federal support has declined markedly.

We therefore believe that it is imperative that the clinical training programs at least be frozen for fiscal year 1983 and fiscal year 1982 levels. The distribution of training funds should reflect the twin priorities of increasing personnel who serve in community programs, particularly those for the chronically mentally ill, and increasing the training of minority students. Both traineeships and institutional aid are needed for these purposes.

We believe there is a similar problem in the child welfare field.

We therefore urge the committee to support the programs at the fiscal year 1981 level of $5.6 million, which will fund 600 trainees, 11 centers, and 60 teaching grants.

Research in the area of mental health is important, as we improve our knowledge about the cost, prevention and treatment of those with mental illness. Social and behavioral science is a critical element of these research endeavors.

We therefore support research at NIMH which emphasizes basic and applied research in the behavioral sciences, neurosciences, epidemiology, clinical practice, treatment, prevention, and services.

While we support the overall budget for NIMH as recommended by the President, we have concerns about the allocation of the budget. Approximately 90 percent of the extramural programs have been allocated to the neurosciences field, while behavioral sciences have been given a low priority.

In the past the payoff in the social and behavioral sciences research relevant to mental illness has been substantial and promises to be so largely in the future.

The resolution of the social and many environmental issues affecting mental illness disorders requires a better understanding of how society works and culture, ethnicity, language, geography, unique age-related services, and other facts that interact with one's mental illness and treatment considerations—to achieve that understanding the investment in social and behavioral research is a necessary precondition.

In this connection, Mr. Chairman, we believe that there is a threat to needs to conduct the search about mental illness among minority populations. The mental illness among minority populations needs to be a priority for NIMH. Past research about mental illness has largely excluded minority populations.

Yet, despite what we do know, basic questions remain about the best kind of treatment for ethnic minorities, and the best way to persuade them to come to treatment and to remain in treatment.

Senator SCHMITT. You are overtime.

Dr. ENGLISH. All right.

Thank you very much.

STATEMENT OF DR. CAROLYN B. ROBINOWITZ

Dr. ROBINOWITZ. Thank you, Mr. Chairman.

I am Carolyn Robinowitz, deputy medical director of the American Psychiatric Association, a medical specialty society representing over 26,000 psychiatrists.

I also represent the American Association of Chairmen of Departments of Psychiatry, the American Association of Directors of Psychiatric Residency Training, and the American Society for Adolescent Psychiatry.

I am pleased to be here before you to address the concerns of the APA regarding the President's proposed 1983 budget.

Notwithstanding our interest in allocations to a wide variety of programs, I shall focus today mainly on research, research training and clinical training programs. My complete testimony is submitted for the record.

I'll briefly address the issue of research.

There are three important considerations with respect to research support in any health field; they include: problem magnitude, problem difficulty, and scientific opportunity.

You've been made aware this morning already of the number of Americans afflicted with serious mental problems and the degree of incapacity and suffering that brings, as well as the loss of productivity and economic costs.

What we have seen and the other testimony has alluded to was the exciting development in research, especially in the neurobiologic fields and in other areas as well.

The scientific opportunity is immense at this time.

The implementation of research in new areas of understanding can only be undertaken if there is adequate manpower available. This involves not only training in the areas of research and research undertaking, but also very much the clinical manpower training.

The President's budget recommends a total elimination of the Federal role in training programs. But we cannot afford to end this. Not only is funding impact on quality of care and the shortage of psychiatrists well documented by GMENAC and the Rand Corporation, the Heritage Foundation Report, as well as the 1980 report to the Senate, but also on the particular timing of this training, to provide services to the most seriously ill, to the underserved and unserved population groups who cannot be helped elsewhere.

These funds have been directed to offset and to identify this national focus. In fact the study cited by Ms. Kohn earlier, is based on liaison psychiatrists have taken.

Treatment of the chronically ill is another area that has been a high target area by the NIMH, and training programs for psychiatrists that emphasize the skills and abilities to provide treatment to these most seriously ill, and to provide the nonsubstitutable skills necessary, have been highlighted with the redirection and the refocus.

I think it's important to note that it's particularly in these target and priority training areas that the present and future projected shortages of general psychiatrists and child psychiatrists has been unanimously documented by the sources I've mentioned.

Furthermore, in connection with these populations, recent NIMH studies demonstrate that for each dollar invested by the institute there has been a twentyfold byproduct in services delivered, primarily associated with the most severe mental disorders.

The other priority area which has critical and far-reaching leverage is approved training in psychiatric medicine for trainees in the primary care sector—family medicine, general internal medicine, and pediatrics.

This training enables medical students, residents, faculty positions, to identify serious medical disorders and psychiatric disorders, and to begin to treat them more adequately. We know the extent and nature to which these medical disorders occur within our health care system. There are cost-effectiveness findings for utilization of nonpsychiatric medical services; and these represent savings greater than the cost of the mental health services themselves.

An article recently in the American Journal of Public Health demonstrated that these types of services had another impact as well: Patients who were postcardiac surgery, for example, had fewer days in the hospital, had less demands for all sorts of pain medication, and had slower pulse rates and a variety of other physical parameters that were affected by this kind of treatment. Thus these interventions could be very real.

I would relate this in some way to the issue of cardiac surgery, coronary bypass, which again while it may not prolong life, it promotes the quality of life. It certainly has a major impact on the beneficiaries of it.

Finally, we are not requesting support of funding training, but rather a direction and thrust of leadership that the Federal funding has provided and will continue to provide. The loss of these funds cannot be made up by the States. They are too strapped for funds. This is a national priority and national need. Although it is a small percentage of total support of education, it is a nonreplaceable one.

Thank you.

Senator SCHMITT. Thank you very much.

STATEMENT OF DR. GARY VANDEN BOS

Dr. VANDEN BOS. Thank you. My name is Gary Vanden Bos. I represent the American Psychological Association and the Association for the Advancement of Psychology, representing over 50,000 doctoral level psychologists in the United States, individuals trained with 5 years postgraduate education in mental health.

I would like to speak to three points.

I would like to urge your support of clinical training at NIMH. We recommend that support be continued at the fiscal year 1982 level. We hope the report language would include language about the possibility of payback and specifically making reference to the four core mental health professions.

There isn't anything vague about the need for better training support. We maintain today there is a shortage, and there will continue to be a shortage, and the Federal role is important.

I know you've had discussions with Secretary Schweiker in the last few weeks around this, and as a consequence we would urge you to instruct ADAMHA to implement recommendation 212 of the GMENAC study that encourages that the institute through demonstration undertake a study in conjunction with the four core mental health professions, an authoritative assessment of future needs for mental health clinical training.

This training is very critical to us in the sense that it has a tremendous impact on our fellowship program. This program over the last 5 years has assisted over 200 minorities equally distributed among blacks, Hispanics, Asians, with special attention to American Indians; and has been very important in increasing of psychologists who are minority individuals, and with some programs up to 15 percent of the students in that category. We strongly encourage you to appropriate $18.9 million. This is the fiscal year 1981 level.

We urge the committee to direct NIMH to use these funds to begin to offset the 7-year drop in production of research psychologists.

At the present time, 50 percent of all the research training and application in NIMH will go unfunded.

The third area we would like to speak to is the core of research at NIMH. It has been commented that the research training now within the ADAMHA structure has at best held its own for the course of the last decade. I note that various people have told you about it, and said that they were appalled at the fact that 25 percent of the research grants at NIH that are approved go unfunded.

Mr. Chairman, I would be very happy if the same was true at ADAMHA and NIMH. This year over 70 percent of the grant proposals which are approved at NIMH will go unfunded. In some areas it will go as high as 79 percent. It's little wonder that some people wonder whether there should be some transfer back to NIH.

We would appreciate that level of funding at NIH.

We would also like to have the committee direct the administration's concern about selective reduction across research areas within the ADAMHA portfolio and within the written testimony we have submitted—as possible draft language for that.

Thank you.

Senator SCHMITT. Thank you.

STATEMENT OF DR. ROBERTA B. MILLER

Dr. MILLER. Thank you, Mr. Chairman.

My name is Roberta Balstad Miller. I am the executive director of the Consortium of Social Science Associations, an organization that represents over 150,000 social and behavioral scientists in the United States.

I am speaking here today on behalf of the consortium and on behalf of the Institute for Social Research, University of Michigan.

We are concerned about the curtailment of social and behavioral science research at the National Institute of Mental Health.

I wish to testify today to the importance of social and behavioral science research in both the study of mental health and the prevention of mental illness.

And I would urge the Senate Appropriations Committee to recommend that NIMH end its differential treatment of research proposals in the social and behavioral sciences, and that it insure that any increases in the NIMH extramural research budget for fiscal 1983 be spread equally across all scientific disciplines.

Social and behavioral scientists have made highly significant contributions to our understanding of mental illness, its treatment and, most importantly, its prevention.

Much of this research could not have been conducted without funding from the National Institute of Mental Health. We have long suspected, for example, that economic events such as unemployment have consequences for mental health and that mental illness was a factor in physical illness.

NIMH supported research has confirmed this suspicion and shown that increases in unemployment and decreases in stock prices are followed with a 2- to 4-year lag by increases in the indicators of mortality in cardiovascular-renal disease, suicide, infant mortality, and certain kinds of heart disease.

There are other examples of the usefulness of NIMH sponsored research as well.

One project developed a protocol for hospital emergency room personnel dealing with battered victims. Other research is currently being funded to help us effectively intervene in order to reduce the frequent depressions and suicide attempts associated with the victims of family violence.

Still other research is enabling us to understand the personality types predisposed toward such violence.

It might interest the committee to know that the results of some of the basic research in this area is being used by the Secret Service to help identify potential assassins.

These are only a few examples of the contributions that social and behavioral scientists are making to our understanding of mental illness, its treatment and prevention.

Unfortunately, two recent NIMH developments are placing the continued flow of these contributions in jeopardy.

First, even with the proposed $5 million increase in this year's budget request for NIMH extramural research, extramural research support will be $10.9 million or 9.4 percent less than it was in 1981.

Second, when NIMH implemented its new relevance requirements as part of the tightening of evaluation criteria necessitated by these cutbacks, they placed a substantially higher burden of mission relevance on social and behavioral science research than on other research.

This differential criterion hinders social and behavioral scientists in competing for research funds. This is a sub rosa means of reallocating the agency's budget.

In most sciences the researcher must only—and I quote from the NIMH's own material—"state the mental health problems to which the proposal pertains," and then only "in those instances in which the mental health relevance of a proposed project is not apparent."

But applicants with proposals in the social and behavioral sciences must, in addition, show that the research is "clearly relevant to mental illness and health" or be "explicitly focused on mental illness or mental health."

Commonsense requires that each proposal to NIMH be read and evaluated in accordance with the same criteria and by the same procedures. It requires that each proposal have the same opportunity of being funded.

Yet, the criteria for relevance are more strict for social and behavioral sciences than for research in other disciplines funded by NIMH.

Whether or not NIMH intends to establish differential treatment, that is the message that NIMH staff and researchers are receiving.

When one social scientist recently asked for information in order to submit a proposal, he was told by agency personnel that he was "wasting his time."

We are not asking for special treatment. We are asking that NIMH not discourage the submission and funding of research proposals by targeting any specific set of disciplines for special, more burdensome evaluation criteria.

If the agency is concerned that limited funds means it must cut back on less relevant research, then it should tighten the relevance criteria for all disciplines. Only then can limited funds for research be allocated in accordance with the merit of the proposals.

We urge the committee to recommend that the agency end its differential treatment of research proposals. A major step in this direction would be for the committee to direct the agency to spread any fiscal year 1983 budget increases for extramural research equally across all scientific disciplines.

We are proud of the numerous contributions made by social and behavioral scientists to our understanding of mental health, its treatment and prevention. Without an opportunity to compete for adequate financial support, however, our ability to continue these contributions will be wastefully restricted.

Mr. Chairman, I thank you for this opportunity to appear before you today.

Senator SCHMITT. Thank you.

We have two witnesses that I do not have on my list. If you gentlemen would state your name, who you are here on behalf of, and summarize your full statements will be put in the record.

STATEMENT OF AARON LIBERMAN

Mr. LIBERMAN. Thank you, Mr. Chairman. My name is Aaron Liberman and I am the executive director of the National Council of Community Mental Health Centers. We are part of the panel for which the mental health associations spoke.

I have a statement for the record, and I will not burden you with any additional direct remarks.

Senator SCHMITT. Thank you.

STATEMENT OF GOTTLIEB SIMON

Mr. SIMON. My name is Gottlieb Simon, and I appear on behalf of the Mental Health Association of the District of Columbia.

And I would say at this point merely that we are mindful of the time constraints this morning, and we ask for adequate as possible Federal funding. So I merely draw your attention to our statement.

PREPARED STATEMENTS

Senator SCHMITT. Thank you. Your prepared statements will be inserted in the record at this point. And I want to thank the entire panel.

If you would supply for our records the thoughts you have about the proper balance between psychiatric and psychological activities within this budget and its various subcategories, it would be appreciated. That's obviously an area of some discussion which may be of benefit.

[CLERK'S NOTE.—The views of the American Psychological Association on the allocation of funds between psychiatry and psychology are in the subcommittee's files.]

[The statements follow:]

STATEMENT OF ELEANOR OWEN

My name is Eleanor Owen. As Vice-President and co-founder, I welcome this opportunity to provide testimony on behalf of the National Alliance for the Mentally Ill. The Alliance is a non-profit, umbrella organization with state-wide coalitions and hundreds of volunteer, self-help/advocacy groups across the nation.

Our affiliates are diverse family groups whose members span the entire socio-economic spectrum: we are homemakers, business men, bus drivers, attorneys, salesmen--yes, even politicians. We are, however, singularly united in our resolve to address the urgent needs of our severely and chronically mentally ill members.

Although the illness is complex and the unmet needs vast, I will focus on only two issues: Of primary importance is the need to launch an all-out effort to find a cure for schizophrenia. Increased emphasis on research in the neurosciences seems to hold the most promise. Secondarily, we must prioritize services to the most needy--the severely and chronically mentally ill. Community Support Services have demonstrated success in this area.

Approximately 2,000,000 people in this country suffer from schizophrenia, which accounts for 69% of all major mental disorders. Depressive disorders account for 12% and organic brain syndrome 5%. Fifty percent of all hospital beds are occupied by the mentally ill. Total cost to the taxpayer annually is $ 40 billion (direct and indirect).

Almost everyone knows the devastation that severe mental illness brings to those whom it afflicts. Few people realize, however, that the lives of 8,000,000 or more family members--parents, children, siblings, spouses--are also deeply, permanently and, too often, tragically impaired. The illness brings chaos, irrational feelings of guilt, shame and despair to everyone involved. Many families do not survive intact.
The stigma of the illness is indelibly affixed to every family member. When we find a cure for the illness, the stigma will disappear.

The financial burden is likewise enormous. During the first few months of the illness many families spend thousands and thousands of dollars; they exhaust their entire life savings searching for "the best" treatment. Sadly, " the best", more often than not, is little more than a life sentence to periodic psychotic episodes alleviated by drugs which carry disfiguring and hazardous side-effects.

Many parents drop out of the work force in order to provide supervision to the afflicted person. Today, approximately 60% of the chronically mentally ill live at home or have their families as their primary and enduring caregivers. Siblings, torn between love and outrage at the inexplicable behavior, frequently abandon the scene entirely. Physical illness and emotional dysfunction escalates in all family members.

The onset of the illness is usually in late adolescence or early adulthood; it afflicts males and females in about the same proportion. Racial composition is 91% white and 9% other ethnic groups. The illness is characterized by social withdrawal, bizarre behavior, disorganized thinking and speech, delusions, depression and auditory hallucinations --which may terrify, plague or command the victim to act in perilous ways.

With the advent of psychotropic drugs in the 1950's, it was believed that the medications--which mask or alleviate marked symptoms, but which create severe side effects such as drooling, twitching and stupor--would enable those afflicted to resume "normal" lives in the community.

A 1964 NIMH brochure promised that the deinstitutionalized patients would receive treatment in local community mental health centers and thereby " remain at home with their families, avoid future hospitalizations and seldom lose time from work". This naive optimism that chronic patients would find jobs, pay taxes, raise families and live tranquilly among their neighbors has simply never happened.

Since then, we have established a vast community mental health system. We have spent billions of dollars on one program or another, each promising a more cost-effective. improved quality of life for the patient. An analysis, however, would show that we have neither "deinstitutionalized" nor rehabilitated.

In 1955 there were 559,000 persons in public mental hospitals; today there are about 138,000. However, we now have 750,000 mentally ill in nursing homes, 110,000 in short-term psychiatric community hospitals, hundreds of thousands living in "group homes"--which are mini-institutions housing 40-250 persons--and thousands sleeping in alleys and missions. Still others are shuffled through the costly criminal justice system--most as misdemeanants, helpless victims who cycle from street to jail, through the courts, into the hospital for a quick "stabilization" and then back to the street. Studies show a 66% rehospitalization rate.

Every urban newspaper periodically features a story on the inhumane conditions which the mentally ill are subjected to in county jails or penal institutions. In the last decade there has been a 300% increase in the arrest rate of the mentally ill. We have spent billions and billions of dollars. Where has it all gone? The mentally ill are still subjected to the same "treatment" that they received at the turn of the century--prior to the establishment of state asylums by Dorothea Dix.

Only a cure for this life-threatening, costly, and humiliating illness will improve the quality of life for these severely afflicted individuals and their families.

John Talbott, M.D., Professor of Psychiatry at Cornell University, says that, thus far, only one institution has disappeared since 1950--the T.B. sanitorium. "And that was due to the advances in medical research. Further, we have tended to spend much more money on psychiatric services in this country ($32 billion in 1974) than on research ($ 70.1 million in the same year)".

Nathan Kline,M.D., Director of Rockland Research Institute states that the continuing financial support of medical and scientific research is crucial. He writes,

"I commend the U.S. Congress for its support of pioneer drug studies at a time when even the medical profession was skeptical of their value. A two million dollar grant which Congress made thirty years ago for research in drug therapy led to the present revolution in the treatment of mental disorders. This is especially true in the case of the manic depressive illnesses, where the use of lithium carbonate has facilitated the return to productive functioning of hundreds of thousands of American citizens."

A similar breakthrough for schizophrenia must be pursued. Only then will these millions of victims be able to resume productive lives. Data which supports the concept that schizophrenia is a desease of the brain has been accumulating and compounding since the beginning of the century. In the past two decades particularly, acceptance of this idea has been notably strengthened by powerful new evidence from genetic, neurochemical and neurophysiological studies.

Dr. L. Erlenmeyer-Kimling, Principal Research Scientist at New York Psychiatric Institute, currently studying children of schizophrenic parents, notes that specific deficits in the central nervous system are showing up in childhood. E. Fuller Torrey, M.D., St Elizabeth's Hospital in D.C. , and other international researchers are finding promising clues in potentially virulent, long dormant viral infections.

The development of high technology scanners (CAT and PETT) are now enabling researchers to see both the structure and activity within the brain. Evidence of enlarged ventricules and abnormal activity in the limbic system are observed in the brains of schizophrenics. At Yale University researchers are identifying nutrients that modify brain function. They observe that many natural substances act like drugs and, it it hoped, one day they may serve as such.

Thus, it is clear that much exciting and promising research is going on in the basic sciences. World-wide there is an accellerated race to find a cure for schizophrenia. China, alone, has almost 10,000 schizophrenics! It is likely, that within this decade, someone, somewhere in the world will succeed. This is not the time nor the area for America to falter. Indeed, it is imperative to launch an all-out effort to propel ourselves into the vanguard. Winning the war against schizophrenia would bring victory to everyone.

We therefore recommend increases over the President's request for research, with specific emphasis on the neurosciences. We have concerns, too, in the area for research training. We would recommend increases here, too. However, we would add a proviso that each grant carry an obligatory pay-back in public service clause, with no option to "buy out". Frequently, grant recipients receive training under Federal grants and then, after a token period of service, they pay a penalty and enter the private sector. This places the taxpayer in the position of perpetually training persons and never benefiting directly from the investment.

Our second major concern is the special interest that the National Alliance has in the NIMH Community Support Programs. These programs have been uniquely significant in assisting some states to develop better services--particularly for the young chronic. The careful monitoring of medications, the supervision of activities, the outreach, the overall continuity of care has succeeded in reducing rehospitalizations by 50%.

A secondary gain, directly linked to this program, has been the voluntary effort made by family advocacy groups to establish and operate residential facilities where community support services are provided. One highly successful program , begun by families, is in Portland, OR.

These demonstration programs, however, have only been available in 19 states and the District of Columbia. Twenty additional states have been approved for funding, but only for FY 1982. The success in the pilot states took time to organize, reallocate resources, develop needed services and coordinate the entire array of services to directly benefit the chronically mentally ill person.

We request that additional funds be appropriated for FY 1983 to continue this program. It has clearly demonstrated its success and its cost-effectiveness, particularly in keeping the person from the "revolving" door. This is one community program where the taxpayer is getting what he is paying for.

Finally, because meaningful work is an intrinsic part of mental health and self-esteem, we advocate for increases in Vocational Rehabilitation Programs. It should be remembered that up until 20-25 years ago, almost all public mental hospitals were self-supporting. The less dysfunctional patients of yesterday made furniture, tended cattle, churned butter, sold eggs and canned home-grown fruits.

There is still this same sub-group of less dysfunctional patients. They can be taught to sew, make wooden toys, paint walls, strip furniture, etc. With sufficient structure and supervision about 15% can become at least semi-self supporting. In Seattle, WA, a sheltered workshop for the mentally ill has enabled a significant number of patients to return to part-time competitive employment.

Once again, funding for these programs should carry the proviso of outcome measurements.

However, until we find a cure, the more dysfunctional of the chronically mentally ill (about 80%) will be dependent upon a range of Federal Programs such as S.S.I, S.S.D.I., Medicaid, Medicare, Title XX and HUD Housing Resources. This must continue to receive your support.

I have deliberately not attached specific appropriations to the above recommendations because I recognize the dilemma which faces the committee. When the OBM estimates that the total 1982 deficit will be 150 billion the committee is driven to hard choices. I know that the total U.S. debt is 5.4 trillion, and that the Federal portion of that is 1. 6 trillion. With interest rates of 12-13 % it takes 670 billion dollars annually --or 56 billion a month to carry that debt. Clearly, we are teetering on the brink of an economic crisis.

Given these figures, is it not imperative that we act decisively in attempting to find a cure? Wouldn't this be one of the most cost-effective moves we could make? The National Alliance for the Mentally Ill urges you to reflect on the potential gains which would be derived from investing in those research areas which we have outlined and in the demonstrably effective Community Support Program.

STATEMENT OF DR. GARY VANDENBOS

The American Psychological Association and the Association for the Advancement of Psychology represent more than 70,000 psychologists in the United States who serve the public as teachers, researchers, counselors and health service providers - in public and private colleges, universities and hospitals, in industrial and organizational settings, in private practice and federal, state and municipal programs.

In the limited time I have before this Committee, I would like to focus on a few of our major concerns about federal mental health funding.

First, support for clinical training from NIMH amounted to $61.9 million in FY '81. This figure decreased to $42.2 million in FY '82, and the President's FY '83 proposal would eliminate it entirely. Psychology generally receives 15% to 20% of the annual expenditure for clinical training; these funds support about 900 trainees at the present time. About $2 million of the NIMH clinical training funds have been targeted specifically for ethnic minority groups. Elimination of the overall clinical training program will terminate funding for the highly successful APA Minority Fellowship Programs (and the parallel programs administered by other mental health professional associations).

The American Psychological Association's Minority Fellowship Program is a source of pride for psychology. The exemplary efficiency, cost-effectiveness, and innovative cost-sharing techniques of this program should be seen as a model for government-private sector cooperation. The Fellowship Program has made a major contribution to increasing the number of minorities in psychology while, at the same time, ensuring the highest standards of excellence in their academic work. Competition among psychology students for these fellowships has never been keener. The program deserves a priority for continuing funds.

NIMH clinical training grants in psychology provide a particularly cost-effective method for training health service providers, and they include accountability mechanisms. Approximately 80 percent of funds in psychology clinical training grants go into student stipends, and these trainees must pay back this support by later working in areas and facilities where shortages of various types exist.

The rationale for the elimination of these funds given in 1981 by the Director of the Office of Management and Budget (OMB), David Stockman, was that "the supply of mental health professionals is now generally adequate, mental health professionals generally have good income potential, and thus federal subsidies for such training are no longer necessary." While it is true that the supply of mental health professionals has increased, it is not necessarily true that the "supply is adequate." Indeed, Congress took issue with this statement in the 1981 appropriations process in the FY '82 budget and directed the HHS Secretary to provide some funds for new awards in areas of greatest need.

Mr. Stockman's arguments are largely based on extending to non-physician health care providers the findings of the September 30, 1980 Report of the Graduate Medical Education National Advisory Committee to the Secretary of HHS. That report (GMENAC) indeed predicted an over-supply of physicians by 1990. GMENAC specifically did not determine the non-physician requirements by 1990, (Vol.VI, p.4) but did specifically state, in its Recommendation 21:

> "The national requirements for clinical psychologists, psychiatric social workers and psychiatric nurse clinicians should be formally studied. The possibility of utilizing non-physicians to cover a portion of the service deficit expected in 1990 due to a shortage of psychiatrists should be examined." (Vol. VI, p.51, Recommendation 21)

It is the training of these four core mental health professionals which is now in jeopardy with the cessation of funding for NIMH clinical training.

In our testimonies before this Committee in both 1980 and 1981, we pointed out:

> "In psychology we estimate that there is presently a shortage of at least 2,000 psychologists to serve the mental health needs of the elderly, and that another 3,000 to 5,000 will have to be trained over the next decade. There is presently a shortage of 5,000 fully-trained child psychologists, and another 5,000 must be trained over the next decade. There is currently a shortage of at least 3,600 ethnic minority, doctoral-level providers of psychological services. The number of such providers now available falls far short of achieving parity with minority representation in the general population."

Clinical Training funds at NIMH are the only funds focused particularly on the four core mental health disciplines. Suggestion that other sources of funds can take up the slack are simply unrealistic.

To compound this problem of financing mental health clinical training, the President has proposed to eliminate graduate students from eligibility for Guaranteed Student Loans. At present, some 600,000 graduate students-- over half of all graduate enrollment in all disciplines-- depend on guaranteed student loans. A large majority may be unable to continue their education if the Administration's recommendations are adopted.

Graduate students are expected to depend on Auxiliary Loans to Assist Students (ALAS program). These loans carry 14% interest, and the student must repay interest while in school. The ALAS program is operational in only 14 states.

ALAS loans will not help many students. For example, if a student borrows $8,000 per year for the four years of a doctoral program and repaid the loan over a ten-year period after graduation at a 14% interest rate, the payments would total $59,542. The retirement of the 14% loan would require a monthly payment of $496.85 over ten years plus payment of interest while a student. A person earning $20,000 per year receives $1667 per month before taxes. Thus about one-third of the gross salary of a clinical psychologist just out of school would go to pay off the school-incurred debt. And this example ignores the higher cost of many schools, and the fact that only a minority of clinical students can finish a degree in four years. It seems that few people could afford this kind of educational investment.

At present the outlook for graduate education in psychology is particularly bleak. About one-third of graduate student support is provided by the institution in which the student is enrolled. This support is generally in the form of teaching assistantships and other services to the institute. The other two-thirds of the support is derived from research assistantships, from training grants, and from self-support--particularly guaranteed student loans. Research assistantships will be increasingly scarce given the major research funding cuts for social and behavioral sciences at NIMH, NIE, and NSF. Funds for research training are down at NIMH and much of the science education budget at NSF is due to be cut. If clinical training grants and guaranteed student loans are eliminated, all of the students cut from these programs will be competing for the increasingly scarce research funds.

So who will be our graduate students? Only those with sufficient wealth to support their own education. The equal opportunity for all strata of society so carefully developed over the past 20 years will be reversed and the social and ethnic diversity so important to the field will disappear.

We recommend that the FY '83 appropriations continue to fund clinical training in all three institutes at ADAMHA at the FY '82 level. We further recommend that the Appropriations Committee lend the weight of its authority to urge ADAMHA to pursue Recommendation 21 of GMENAC and explore in a careful study, in conjunction with the four core mental health professions, an authoritative assessment of the future need for mental health clinical training. Importantly, we urge the committee to direct ADAMHA to award to the discipline of psychology its historical share of clinical training funds--until the study recommended above can offer new wisdom on the appropriate allocation of funds.

My second major issue is research training. Research training received high priority rhetoric but less priority funding in the Administration's FY 83 budget documents. Research training is presented as being vital to the future of the nation's health and scientific research enterprise, yet reductions are sought for next year's budget.

Research training is funded under the authority of the National Research Service Awards. Trainees are supported in return for an obligation to engage in research or teaching for an equal number of years following completion of the training program. This "payback" is intended to assure the nation of each student's commitment to science and research.

The National Institute of Mental Health budget documents state: "...the 1983 budget...emphasizes increased funding in the high priority areas of research and research training," and adds later, "an overall increase in research and research training is offset by the elimination of support for clinical training programs." One might well believe that research training at NIMH was scheduled for a hefty increase in funding; but research training funds are scheduled for a decrease of $1 million from the 1982 level, representing a decrease of more than $4.5 million from the 1981 level. The Administration's FY 1983 request is for $14.4 million.

The decrease in funding for research training over the past half decade has seriously eroded the production of Ph.D. researchers--especially in psychology and the other social and behavioral sciences. The excessively expensive priority of NIMH to train medical doctors in research skills squanders the limited research training budget. We urge the Committee to include language in its Report that assures research training funds targeted to restoring the production of research Ph.D.s; and we recommend that research training funding at NIMH be restored to the FY '81 level of $18.9 million.

My third major issue is mental health research. Although support for research at the National Institute of Mental Health has consistently declined over the past decade, I can understand the need for fiscal constraint this year and will not suggest that a higher appropriations level be made. However, I have deep concerns about the way that research funds are proposed to be spent by NIMH.

The Congressional mandate to the Alcohol, Drug Abuse and Mental Health Administration since its conception in 1974 was to study mental health, alcoholism and drug abuse in all of its components. In the section of the Public Health Service Act establishing NIMH (Sec.455) Congress stated: "The programs to be carried out through the Institute shall be administered so as to encourage the broadest possible participation of professionals and paraprofessionals in the fields of medicine, science, the social sciences, and other related disciplines."

But, in 1981, ADAMHA adopted a policy of exclusionary research goals in all three of its Institutes. The exclusionary statement for NIMH reads:

> *Unless explicitly focused on mental illness or mental health, NIMH does not support studies of: large scale social conditions or problems (e.g., poverty, unemployment, inadequate housing and slums, divorce, day-care arrangements, accidents, and criminal behavior); social class groups and their interrelations; the structure and function of groups, institutions, or societies; social roles and career determinants; cultural beliefs and values; the legal or educational systems; game theory and decision-making; sociolinguistics; and animal models of social structure and interactions.*

These exclusionary definitions, now operative in all three Institutes of ADAMHA, have imposed a chilling deterrent to exploration of the social, economic and family influences on mental health and substance abuse at a time when these problems constitute a critical weakness in the fabric of our society. Research efforts are being consistently focused on neurosciences, psychopharmacology and extraordinarily expensive devices such as the PET Scanner. Sanctioned research in ADAMHA focuses on complicated diagnostic tools and more immediate short-term relief of symptoms, while ignoring research on the behavioral and social aspects of mental health and substance abuse. It is these last two areas of research that offer great hope for creating prevention strategies--and prevention of mental disability and substance abuse is unquestionably the least expensive and most humane approach to these problems.

I urge this Committee to direct the Alcohol, Drug Abuse and Mental Health Administration to end its exclusion of social research and social science training. I suggest as a model for your Report language the following resolution which was passed unanimously by the American Psychological Association's Council of Representatives in August, 1981:

> *While the American Psychological Association recognizes the appropriate and legitimate role of the political process in determining priorities for research on problems that require the expenditure of public funds, we object to policies that a priori favor one theoretical approach over another, or that selectively suppress certain scientific approaches that happen to be at odds with the prior opinions or idealogy of political officials.*
>
> *The selective reduction of support for "social research" by the current Administration appears to be a case in which idealogical considerations are inappropriately influencing the scientific process. Current policies of the Administration (e.g., in the mental health area) presume that certain research approaches are more valuable than others. There is no evidence to support such a premise. In fact, scientific evidence suggests that many mental health problems and other social problems are best understood and dealt with by looking at the joint impact of biological, behavioral and social processes. Clearly, policies such as these are inimical to both productive scientific inquiry and to the ultimate solution of many critical social problems in our nation. We strongly oppose such policies of selective reduction that bias the development of scientific theories based on political premises and are therefore inimical to the free development of scientific analysis. We support the free development of all areas including social research.*

I thank you for this opportunity to testify and would be pleased to answer any questions you may have.

STATEMENT OF DR. ROBERTA B. MILLER

Mr. Chairman, Members of the Committee, my name is Roberta Balstad Miller. I am the Executive Director of the Consortium of Social Science Associations. Members of the Consortium include the American Anthropological Association, the American Economic Association, the American Historical Association, the American Political Science Association, the American Psychological Association, the American Sociological Association, the American Statistical Association, the Association of American Geographers, the Association of American Law Schools, and the Linguistic Society of America. In all, the Consortium represents over 150,000 social and behavioral scientists.

These scientists are concerned about the curtailment of social and behavioral science research at the National Institute of Mental Health. I wish to testify today to the importance of social and behavioral science research in the study of mental health and the prevention of mental illness.

I urge the Senate Appropriations Committee to recommend that NIMH end its differential treatment of research proposals in the social and behavioral sciences, and that it ensure that any increases in the NIMH extramural research budget for FY1983 be spread equally across all scientific disciplines.

* * *

Mental illness is clearly a social and behavioral phenomenon in a very fundamental sense; almost by definition, therefore, social and behavioral science research is central to the prevention and treatment of mental illness and the promotion of mental health.

Social and behavioral scientists have made highly significant contributions to our understanding of mental illness, its treatment, and most importantly, its prevention. Much of this research could not have been conducted without funding from the National Institute of Mental Health (NIMH). We have long suspected, for example, that economic events such as unemployment have consequences for mental health and that mental illness was a factor in physical illness. NIMH-supported research has confirmed this suspicion and shown that increases in unemployment and decreases in stock prices are followed, with a two to four year lag, by increases in the indicators of mortality in cardiovascular-renal disease, suicide, infant mortality, and ischaemic heart disease. Research has also indicated the ways in which economic events influence mental illness. Rather than directly causing illness, such events uncover and trigger previously existing but untreated mental illness.

There are other examples of the usefulness of NIMH-sponsored research as well. One project developed a protocol for hospital emergency room personnel dealing with battered victims. Other research is currently being funded to help us effectively intervene in order to reduce the frequent depressions and suicide attempts associated with the victims of family violence. Still other research is enabling us to understand the personality types predisposed towards such violence. It might interest the Committee to know that the results of some of the basic research in this area is being used by the Secret Service to help identify potential assassins.

NIMH-sponsored research has identified factors that should be part of social support systems designed to prevent mental illness due to stress. Such support systems have been shown to be effective in reducing reported symptoms and medical signs of ill health stimulated by such occupational stressors as excessive workloads, role conflicts, and lack of intrinsic job rewards. Support systems will become increasingly important as part of human resource management as our industries seek to raise productivity and to adjust to the transformation from an industrial society to an informational society.

Research funded by the NIMH has shown that women in our society are more likely to suffer from depression, stress, and other forms of psychological impairment than men. However, increasing labor force participation has been coincident with the decline in psychophysiological symptoms among women. At first glance this finding seems odd as increasing labor force participation could introduce new sources of stress into women's lives. Basic research has helped us to understand this apparent paradox by suggesting that the decline in psychophysiological symptoms is a consequence of work's role in breaking the "dependency syndrome" that affects many housewives. Work also aids in the development of social skills which foster the use of more effective problem-solving techniques. When such research is placed in the context of research on personality types, we can be more effective in divising prevention strategies.

NIMH-funded social and behavioral science research is directly contributing to the containment and reduction of medical costs. NIMH-supported research has taught us the importance of specific family communication and problem-solving techniques for shortening the hospital stays of schizophrenic patients and for reducing their relapse rate. Other research has shown that with respect to several chronic medical conditions, some form of mental health intervention is associated with a significant reduction in overall medical costs. Basic research in behavior has led to the development of behavioral modification techniques. These techniques can now be used to avoid the addiction and further sleep problems associated with the use of sleeping pills to treat insomnia. They have application in our national campaign to reduce cancer deaths caused by smoking. And they are also being used to make it possible to treat hypertension with lower drug doses. Lower doses mean lower treatment costs and a reduction in the side-effects stimulated by drug-based treatments.

Perhaps the most cost-efficient way of containing and reducing health costs is prevention. NIMH-sponsored research in epidemiology has developed sophisticated surveying and statistical techniques which are making it possible to identify those groups of citizens which are more susceptible to mental illness. These techniques are making it possible to design appropriate preventive interventions which will spare these groups from mental disorders. This research premits the targeting of mental health care, a key factor in effective utilization of resources. Research on the anaclitic depression in infants and serious developmental defects in children helped lay the groundwork for postpartum hospital "live-in" arrangements and other preventive strategies designed to strengthen healthy emotional development in children through attachment and bonding processes.

These are only a few examples of the contributions that social and behavioral scientists are making to our understanding of mental illness and its treatment and prevention. Unfortunately, two recent NIMH developments are placing the continued flow of these contributions in jeopardy. First, even with the proposed $5 million increase in this year's budget request for NIMH extramural research, extramural research support will be $10.9 million or 9.4% less than it was in the original FY1981 budget. Second, when NIMH implemented its new relevance requirements as part of the tightening of evaluation criteria necessitated by these cutbacks, they placed a substantially higher burden of mission relevance on social and behavioral sicence than on other sciences.

This differential criterion hinders social and behavioral scientists in competing for research funding. This is a sub rosa means of reallocating the agency's budget. Let us examine how this works. In most sciences the researcher must only, and I quote from the NIMH's own material, "state the mental health problems to which the proposal pertains," and then only "in those instances in which the mental health relevance of a proposed project is not apparent." But applicants with proposals in the social and behavioral sciences must in addition show that the research is "clearly relevant to mental illness and health" or be "explicitly focused on mental illness or mental health."

It is ironic that this additional relevance burden is falling most heavily on basic science proposals. The Administration has declared that basic science should be the focal point of Federal support for civilian-sector research and development. Yet good basic science should be just that -- basic. If it were "explicitly focused on mental illness or mental health," it would lack that flexibility and applicability to a variety of problems areas which is a trait of good basic scientific research. The NIMH relevance criteria for social and behavioral science are restricting a vital source of basic research support.

The de jure consequence of the relevance criteria place a greater burden of proof on social and behavioral scientists than on other scientists seeking NIMH funding. The de facto consequence is to send a message to NIMH staff and to scientists that NIMH has determined that social and behavioral scientists are a priori capable of making only a limited contribution to our understanding of mental illness and its treatment and prevention. This message is sent in the total absence of any supporting evidence. Indeed, as we have seen, it is made in the face of a large body of evidence indicating the contrary.

Common sense requires that each proposal to NIMH be read and evaluated in accordance with the same criteria and by the same procedures. It requires that each proposal have the same opportunity of being funded if meritorious. Yet the criteria for relevance are more strict for social and behavioral science than for other disciplines funded by NIMH. Whether or not NIMH intends to establish differential treatment, that is the message that NIMH staff and academics are receiving. When one social scientist recently asked for information in order to submit a proposal, he was told by agency personnel that he was "wasting his time." Given this attitude in NIMH, social and behavioral scientists are understandably reluctant to invest their time in the preparation of research proposals. Between 1980 and 1982, proposal application reviews fell by 6% in Behavioral Science and by 13% in Social Science.

Who suffers from this type of differential treatment? Clearly social and behavioral scientists do. But the public, other mental health researchers, and science in general also suffer.

The public suffers because the research contributions by social and behavioral scientists is being restricted by an ill-conceived policy for restricting the submission and funding of research proposals.

Other mental health researchers suffer because this differential treatment curtails the interdisciplinary cross-fertilization which can be the basis for rapid advances in our knowledge.

Science in general suffers because the NIMH differential treatment undercuts the peer review system.

We are not asking for special treatment. Common sense and good science simply demand that NIMH not discourage the submission and funding of research proposals by targeting any specific set of disciplines for special, more burdensome evaluation criteria. If the agency is concerned that limited funds means it must cut back on "less relevant" research, then it should tighten the relevance criteria for all disciplines. Only then can limited funds for research be allocated in accordance with the merit of the proposals.

We urge the Committee to recommend that the agency end its differential treatment of research proposals. A major step in this direction would be for the Committee to direct the agency to spread any FY 1983 budget increases for extramural research equally across all scientific disciplines.

We are proud of the numerous contributions made by social and behavioral scientists to our understanding of mental illness and its treatment and prevention. Without an opportunity to compete for adequate financial support, our ability to continue these contributions will be wastefully restricted.

Mr. Chairman, I wish to take this opportunity to thank you and the members of the Committee for the privilege of appearing before you today on behalf of the Consortium of Social Science Associations.

STATEMENT OF AARON LIBERMAN

Thank you Mr. Chairman for the opportunity to appear before you today to speak on behalf of those persons who are afflicted with mental and emotional disorders. My name is Aaron Liberman and I am the executive director of the National Council of Community Mental Health Centers. Our organization represents more than 800 community mental health programs nationwide. Our constituents have a combined annual employment of 70,000 persons, and the aggregate operating budgets amount to $1.4 billion per annum.

The National Council of Community Mental Health Centers strongly believes that, through proper support and treatment, individuals who suffer from mental illness can once again be contributing citizens who are not dependent upon public assistance and other forms of support for survival. We are, however, quite concerned about the continuing ability of our clients to secure even a subsistence level of services if the initiatives of the Administration and the Congress fail to take cognizance of their needs.

In recent weeks, we have seen two encouraging actions by the Administration and representatives of Congress which we believe bode well for mentally impaired persons. First, the Administration has approved a rule that mentally impaired individuals shall receive the same eligibility considerations as the developmentally disadvantaged for HUD Section 202 housing projects. This action was encouraged by positive and independent efforts of representatives of both the House and the Senate. Secondly, through the drafting of regulations, the Administration and Congress have responded to a nationwide call for an amendment to the Medicare entitlement program which reimburses services through comprehensive outpatient rehabilitation facilities. These regulations now are under review and several existing CMHCs may well qualify as CORFs and thereby receive direct reimbursement through Medicare. These are positive signs, and we respectfully commend our elected and appointed public officials for their attentiveness to these needs.

A serious concern remains, however, regarding the need for additional actions and commitments to assure that the transition from Federal government support to state support for CMH programs runs smoothly. In this brief presentation of testimony today, we will discuss some basic factors relative to the Alcohol, Drug Abuse and Mental Health Block Grant and the need for continued federal support.

Congress has received and is considering a series of proposals. The Administration recommended a 1983 appropriation of $432 million which is the same as FY 1982, and 37 percent under the FY 1981 level. This level is said to be necessary in order to place the economy on a stable track and ensure growth in the years ahead. The Administration budget provides few incentives to our providers so that they may one day reach a state of independent financing for the needed services being provided. The Congressional Budget Office recommended a FY 1983 level of $463 million, which takes into account an inflationary factor of seven percent. A number of senators have recommended that the FY '83 authorization level of $511 million be appropriated for the ADM block grant, while some other senators suggest that the current federal funding levels for health programs be maintained until FY '85.

We appreciate the dilemma which you as a Subcommittee face, and we would encourage you to recommend the higher levels of funding since the problems attendant to increasing costs of care have not been minimized or resolved with the austerity package approved by the Congress in the Omnibus Budget Reconciliation Act of 1981. Our organization strongly believes that the CBO recommendation of $463 million for the ADM block grant in FY '83 is an absolute subsistence level of funding that will assure a continued minimal presence of community mental health care for those individuals most in need. Consequently, it is important that the $511 million level be appropriated to ensure the quality of mental health service provision for which Congress and the Administration would encourage our member programs to strive.

It is of equal importance to address the human factor which necessarily must be considered as you report your budget recommendations to the full Committee and the Congress. It goes without saying that mental health and physical health care needs are today, more than ever before, considered to be a right of all citizens of this nation. There still remain, however, a number of our fellow citizens who because of personal economic situations cannot finance their individual health needs. Last year alone, only 30% of the revenue in our 800 member agencies came from individuals and private third party payments. This left a substantial percentage of service reimbursement as the responsibility of social insurance mechanisms such as Medicare, Medicaid, and Title XX. Certainly, during conversations with your constituents, you as elected public officials have been well apprised of the appropriate uses to which these funds are committed.

It therefore is our conviction that because of the substantive needs of the people we serve, you must assure the continuance of a Federal presence in determining the objectives and financing of mental health care for those people in need. If the Federal government is in fact to remove itself from directly supporting these services through legislative mandate, our organization and our constituents believe firmly that the government retains a responsibility to the people - service providers and clients alike - to assure that the pathway to other financing mechanisms in the private and public sectors are clearly defined and assured.

The community mental health centers program is one in which Congress and the Administration can be justifiably proud. During 1981 alone, community mental health centers served three and one half million individuals with mental and emotional problems. Since the birth of the community mental health centers program in 1963, federal dollars have been invested prudently, while alternative sources of financing have been sought to relieve the federal government of a portion of the responsibility of support for community based programs. Through Medicaid, Medicare, Title XX and the increasing investment of state and local dollars, community mental health centers have become recognized as high quality providers of mental health services to all Americans regardless of their financial status and the programs have become an essential part of the fabric of the communities they serve.

Community mental health centers are not alone in their pursuit to identify alternative sources of financing. More specifically, we are pleased to report that excellent working relationships have been forged throughout the nation with state legislators and state commissioners of mental health as well as with locally elected public officials. These relationships were a part of the intent of Congress and the Administration when the ADM block grant was created in 1981. Because of these cohesive efforts, CMH programs are becoming strong and viable sources of information and support for legislators and commissioners of mental health alike. Together, with a concerted effort, we shall continue to search for new and innovative sources of financing to further enhance community mental health programs.

Nevertheless, we urge this subcommittee to support substantive federal funding for community mental health programs at the highest level during FY '83, to act as a "bridge" so that providers can continue their needed services without interruption.

One initiative which our constituency currently is pursuing involves mandatory mental health benefits under private insurance packages in each state. While we as an organization are currently negotiating for such provisions, we nonetheless need and actively solicit the continuing commitment and active support of the federal government to assure that community mental health programs can successfully accomplish their mission.

In closing, I would like to emphasize that community mental health programs offer a wide range of services through a variety of cost efficiency strategies. In view of recent legislative proposals to reduce health care costs via competition in the marketplace, it should be noted that CMH programs are particularly adept at meeting the cost conscious demands of the marketplace. In short, our member programs are a competitive alternative to other systems of mental health delivery.

Let me take this opportunity to again thank you for the privilege of appearing before you today and, on behalf of our organization, to wish you much success as you deliberate both the economic and social considerations of the people of our nation.

Thank you.

JOINT STATEMENT OF MARILYN KRESKY-WOLFF, CHAIRPERSON; AND BEVERLY RUSSAU, VICE CHAIRPERSON; DISTRICT OF COLUMBIA STATE MENTAL HEALTH ADVISORY COUNCIL

The District of Columbia State Mental Health Advisory Council is an advisory group appointed by the Mayor to make recommendations to the D.C. Mental Health Administration about the mental health resources in Washington, D. C. The council is composed of consumers, providers and interested citizens who serve without compensation. Last year, the Council involved over 100 citizens in work groups to formulate the D.C. State Mental Health Plan for 1982-86.

We are here today to ask you to restore the federal payment to St. Elizabeths Hospital at the fiscal 1982 level; that is to reinstate the $24 million cut. St. Elizabeths is the major in-patient psychiatric facility in Washington, D. C. for persons without financial resources. We are concerned that such a severe federal cut-back will have a devastating impact on indigent mentally ill people in our community who depend on St. Elizabeths.

The primary reason that a substantial cut-back in the federal payment would be deleterious is that the U.S. Office of Management and Budget proposal was made after District officials had already formulated their budget.

Thus, the OMB action bypassed and ignored local planning processes, federally-mandated requirements to project the need for mental health resources over a five-year period, and budget allocations that had already been made vis a vis mental health. No time was allowed for District mental health planners to anticipate a sudden and drastic reduction in resources that the OMB proposal represents. At this time, there is no clear plan or ability for the District government to increase its financial contribution to St. Elizabeths.

The mental health system in the District has been in a period of turbulence and transition for several years. Since 1980, both St. Elizabeths and the D.C government have been attempting to implement the deinstitutionalization plan mandated by the class action suit, Dixon vs. Schweiker. This plan, agreed to by federal and District officials, calls for a gradual transferring of responsibility for most mentally ill people from the federally-run St. Elizabeths to the District-operated community mental health centers. This process is dependent upon a corresponding gradual development of capability in the centers to handle patient care and a growing partnership with private sector agencies who are providing a variety of services, such as housing and rehabilitation, through contracts with the District.

The Dixon Plan implementation has only recently begun, and has yet to be successfully implemented . We have a rare occasion in a community in which public and private providers and consumers have met to negotiate a sane plan for deinstitutionalization, with agreement to components and timing. In this light, we wonder: Do OMB actions imply a financial decision which will prevail whether or not it violates a court-negotiated settlement with which federal officials have already agreed? Does it imply a disagreement with or a disregard for the Dixon Plan? Are OMB officials aware of previous deinstitutionalization disasters, such as in New York City, where abrupt large-scale discharges of patients led to increased homelessness in communities which had not been prepared to receive ex-psychiatric patients?

We are convinced that a reduction in federal payment to St. Elizabeths would throw the District system into greater disarray and would jeopordize successful deinstitutionalization. The District would be forced to reduce its allocations of resources to develop community-based care, or to abruptly curtail services at St. Elizabeths, or both. Any such development threatens to throw the District and St. Elizabeths into violation of the Dixon court order, and therefore mentally ill people will suffer. At a recent community hearing, all private providers testified that they could not gear up for a rapid onslaught of discharged patients.

For a moment, please imagine the impact of curtailment in services at St. Elizabeths on patients who have been or are hospitalized there, and who have been waiting for transfer to District mental health centers and for housing and activities in the community. Can we conjure up the sense of panic, uncertainty and abandonment that must exist in the minds of patients and their families who wonder where or if treatment will be available and how it will be paid for? We ask you not to burden them with the fear that St. Elizabeths as a last resort may not be available either.

Our plea for St. Elizabeths is not inconsistent with our support of deinstitutionalization. The long-range solution for successful deinstitutionalization does not call for either increased utilization of or abrupt shut-downs of institutions. Rather it calls for planned, gradual curtailing of hospital-based services, and planned gradual replacement of those services, with an attending transfer of funds and staff. This is what the Dixon Plan is all about. The private sector and the District government need time to develop and implement services for people who would be without treatment, shelter, and basic necessities if St. Elizabeths were phased-down in advance of what the Dixon Plan has already addressed.

The District of Columbia is one of a few select communities in the United States where the stage is set for testing the success of deinstitutionalization through the development of an adequately coordinated and funded community-based system. If this process is disrupted, years of sensitive planning for persons with chronic emotional difficulties in our community will be reversed. We ask you not to let this happen.

We would like to share with you an example of a St. Elizabeths out-patient with whom we are familiar. We hope this case history will dramatize the need for the deinstitutionalization plan in the District of Columbia to go forward without disruption. This story illustrates both the need for St. Elizabeths Hospital and the availability of community-based services.

The following case history is concerned with Theresa S., a forty-two year old black female. She was first admitted to St. Elizabeths Hospital in 1954 and apparently remained on their ward for some twenty-four years before being placed on convalescent leave in 1976. Ms. S. has been diagnosed as a paranoid schizophrenic and has suffered from this chronic mental illness since late adolescence.

The client was initially referred to the Green Door, a community-based psycho-social rehabilitation program by St. Elizabeths Hospital on July 25th, 1977 and has been in our program for four and one-half years. During this period, the client has utilized most of the services offered by us including our transitional living unit, apartment program, jobs program, and our daily living skills unit. She also has participated in many of our social activities. Concurrent to her involvement with our community program, Ms. S. has had the much needed support from her treatment team at St. Elizabeths Hospital and has utilized the hospital's services including psychotropic drug therapy, psychotherapy, medical care, and periodic inpatient care. In fact, Theresa has learned to effectively incorporate the various support systems in her everyday existence. Aside from St. Elizabeth and the Green Door, this support system includes the community-based crisis intervention program, Crossing Place, a Woodley House program. Each agency has a crucial role in helping the client to sustain herself in a non-hospital setting for an extended period of time. If we take a closer look at some of Theresa's activities over the years, perhaps the importance of St. Elizabeths Hospital and the others will be clearer.

For example, several months after coming to the Green Door, Theresa experienced some emotional difficulties and began to decompensate. Instead of returning her to the hospital ward, she was sent to Crossing Place in order to stabilize her. Her treatment at Crossing Place was sanctioned by St. Elizabeths and was deemed a valid course of treatment. Ms. S. did eventually stabilize and was returned to our apartment program and our day program. The significance here is the active cooperation among Green Door, St. Elizabeths, and Crossing Place, and its resultant ability to allow the client to decompensate "safely" without the loss of "home" or the freedom which community living offers.

Subsequent to this difficulty, Theresa was able to function well in the community, without major incident, until 1981. Her rehospitalization in January of 1981 is meaningful because it was preceded by the admirable attempt by her treatment team to bring some joy in Theresa's life by agreeing to assist her in returning to a reunion with her mother. She did, in fact, return home but unfortunately encountered some unpleasant memories and an insensitive mother. Ms. S. returned to Washington with confused emotions of pain and happiness. She gradually could not handle the ambiquities and eventually decompensated. As in the previous example, she needed her support system. St. Elizabeths staff quickly recognized the emotional difficulties and provided direction and psychiatric assistance. Again to avoid hospitalization, Theresa agreed to go to Crossing Place to stabilize. After a joint meeting with the three agencies and Theresa, it was concluded that the trauma from her recent reunion had left her unsuitable for independent living. St. Elizabeths recommended foster care and Ms.S. readily accepted that recommendation. She remained in the community and adjusted easily to the new arrangement.

During this period, Ms. S. has also been hospitalized on two occasions. This fact is important because it demonstrates her trust in her own judgement in being able to selectively utilize St. Elizabeths in a positive way. She is now able to recognize her own inappropriate behavior patterns and understand that she needs a "rest" for two weeks. By going directly to St. Elizabeths Hospital, she is also demonstrating her trust of her treatment team at that facility, and feels assured that there will be no plans for long-term confinement, and that her community "home base" will be awaiting her.

These examples serve to demonstrate the importance of having a cooperative support system and the interdependence of these components. While Crossing Place and the Green Door are able to provide community services, St. Elizabeths Hospital provides indispensable medical and psychiatric sophistication and therapeutic support, all of which goes a long way toward further successful deinstitutionalization of clients such as Theresa S.

RECOMMENDATIONS

1. Restore federal payment to St. Elizabeths Hospital to at least the Fiscal 1982 level - $24 million.
2. U.S. Office of Management and Budget should consult District officials about changes in the federal budget that affect District budget expenditures.
3. The federal government should comply with the Dixon vs. Schweicker mandate.

STATEMENT OF DR. RICHARD ENGLISH

Mr. Chairman and members of the Subcommittee, I am Dr. Richard English, President of the Council on Social Work Education (CSWE), and a member of the faculty of the School of Social Work and former Associate Vice President for Academic Affairs of the University of Michigan. CSWE is an organization composed of 83 graduate schools of social work and over 200 undergraduate programs for social work in leading colleges and universities across the country. Over 40,000 students are enrolled in these programs. They are taught by 4,000 faculty members. In addition to educational institutions, there are 4,800 members of CSWE, including voluntary and public national, state and local social welfare agencies and related organizations, faculty members, and individuals concerend with social work education. Our concern is with the education of individuals to serve in administrative, research and service delivery roles in the mental health, and social service systems. We are testifying today on training programs in mental health, administered by NIMH, child welfare, administered by the Childrens' Bureau, OHDS, and on the research program of NIMH.

At the outset Mr. Chairman, permit me to express our appreciation to this Committee for its consistent commitment to the provision of quality social services to our people in need -- and to the training of qualified personnel to administer and provide those services.

1. The Federal Role in Support of Professional Education

The current economic problems of the country, including severe unemployment in many areas such as my home State of Michigan, create a greater demand for mental health and social service programs. As more families fall into low income, poverty and "no income" situations, there are greater demands placed on our social programs as well as our income support systems.

We believe that mental health service programs, child welfare service programs, and social service programs generally are of great importance, particularly at this time, and that the Federal role in those programs must be maintained. We think that those programs should all be funded to their full authorization levels as established in the Reconciliation Act of 1981. Generally, we defer to those organizations such as the National Mental Health Association and the Child Welfare League on the specifics of these programs.

The importance of professional education for those providing and administering social programs grows as the need for these programs grows. Mental health and child welfare programs, as well as other health and social service programs are only as effective as the individuals managing and providing the services. Appropriate, quality educational programs for social workers to prepare them for their roles in staffing mental health centers and similar community mental health programs and public and private child welfare agencies is crucial in order to have effective service programs in these areas. Continued Federal support is necessary in professional education programs in mental health and child welfare for two reasons: to assure an adequate supply of well trained professionals for the service programs involved, and to assist in providing equal access to education and the helping professions through traineeship assistance to needy students, particularly minority students. Both the mental health training program of NIMH and the child welfare training program of the Childrens' Bureau in OHDS serve those purposes. Both programs target training support on students and personnel who will be or are in the agencies and service systems most in need of professionals. The recent "National Follow Up Study of Child Welfare Training and Trainees", 1981, supported by the Childrens' Bureau, shows that 61% of students trained were employed in child welfare agencies, both public and private. These two training programs have afforded social work education the opportunity to attract highly qualified young people for careers in social work including minorities and the disadvantaged. These talented people then practice their skills in programs which need professionals most.

2. Mental Health Training

Major analyses of mental health (including findings by the President's Commission on Mental Health), indicate the need for a greater number of professionals serving in community programs for minorities, the aged, children and the chronically mentally ill. See "ADAMHA Manpower Policy Analysis", 1978, Vol. I, pp. viii to xi.

The mental health training program's requirement for trainees of paying back financial aid with service is directed toward service in community-based, public mental health agencies and programs. It is directed toward training personnel to deal with the unique needs for care in the mental health system such as community programs for the aged and minorities. It is particularly directed at the extraordinary problem of community care for the chronically mentally ill.

The pay back requirement will assist in directing professionals into those settings since it requires service in these areas to satisfy obligations related to the receipt of financial assistance. It will also assist in assuring interdisciplinary practice in these community settings so long as the mental health training funds support all four core disciplines and professional training in a reasonable balance. (We believe it should be focused equitably on all disciplines.) It is widely recognized that social workers are a vital part of the inter-disciplinary mental health team. They are trained in both psychiatric social work and in the management of community resources. For the chronically mentally ill, these twin skills are extremely significant. The evidence of chronic mental illness in the larger cities of our country seems to be growing. While we have decided at the Federal level and in most states, for human as well as economic reasons, to deinstitutionalize patients, we still do not have adequate numbers of trained mental health professionals nor programs organized to deal with this problem at the community level. Psychiatric social workers are the predominant mental health professionals in community programs. "ADAMHA Manpower Policy Analysis", 1978, Vol. I, p. 35.

The President's Commission on Mental Health found that about 20% of the patient care staff of community mental health centers were social workers, 13% nurses, 13% psychologists, and 6% psychiatrists. The remaining staff were about equally split between the many other professionals in mental health centers (vocational counselors, physicians, occupational therapists) and mental health workers with less than B.A. degrees. President's Commission on Mental Health, 1978, Vol. II, p. 485.

In general, the data regarding the demand and need for mental health manpower is not well developed. In point 4 of our testimony, we suggest a major study to address this question. However, the Graduate Medical Education National Advisory Committee (GMENAC) has recently published its manpower findings including psychiatry. While very few areas of medicine were identified as having shortages, by 1990, both general and child psychiatry were determined to have substantial shortages by that time. The findings assumed that psychiatrists are required for 25% of the needed professional services in mental health generally, and 1/3 of the professional services needed in the child mental health field. It was estimated that about 39,000 psychiatrists and 9,000 child psychiatrists would be needed by 1990. The shortage in general psychiatry was of about 25%. From these assumptions and figures, it can be estimated that about 140,000 other mental health professionals including social workers, psychologists and nurses will be needed by 1990. The actual supply of these other three disciplines was estimated in 1978 to be in the range of about 85,000 by both the President's Commission on Mental Health Report (Vol. II, p. 488) and the ADAMHA Task Force Report. This leaves a shortfall of 55,000, or about 60% using 1976 supply figures. There would have to be substantial annual growth rates in the mental health specialties of all three of these disciplines to meet these figures. In the best of years with substantial Federal support for mental health training (1970-76), those growth rates were more adequate, but since 1978, the extent of Federal support has declined markedly.

We therefore believe it is imperative that the clinical training program at least be frozen for FY 1983 at FY 1982 levels. The distribution of training funds should reflect the twin priorities of increasing personnel who serve in community programs, particularly those for the chronically mentally ill, and increasing the training of minority students. Both traineeships and institutional aid are needed for these purposes.

3. Child Welfare Training

Training of professionals to serve in the child welfare area is equally as critical as in the field of mental health. As with mental health, national standards regarding the quality of services and the focus of services is needed. The Child Welfare and Adoption Assistance Act of 1980 reflects a national commitment to deal with the problem of inappropriate placements of children, failure to monitor the cases of children removed from their natural homes, and inadequate programs to encourage adoption. This needed national program should be fully funded at authorized levels. The program requires trained professionals to deal effectively with the problems of child placements, adoption and child abuse. Recent studies of child welfare agency programs in 25 states, "Child Welfare Programs - a 25 State Study", by the Child Welfare League and Peet Marwick & Mitchell, and of child welfare in Alameida County, "Children in Foster Homes: Achieving Continuity in Care", 1978, have demonstrated the inadequacies of current staffing and the effectiveness of well trained professional staffing of child welfare agencies.

The $4 million of child welfare training support provided by the OHDS, through the Childrens' Bureau, is essential to provide continuing education and training to child welfare agency personnel, and traineeships to needy students of whom about 1/3 are minorities. A substantial majority of these trainees (61%) end up practicing in publicly-supported child welfare agencies. The budget for child welfare training has been cut by 50% since FY 1980 when it was $7.5 million. With $5.6 million as appropriated in FY 1981 and recommended by your Committee for FY 1982, 610 trainees, 11 regional child welfare centers and some 60 teaching grants were funded. In FY 1982, funds will cover 1/3 fewer trainees and teaching grants and less funds for centers. In FY 1983, the Administration would eliminate the program and make it part of a block grant. We urge the Committee to support the program at the FY 1981 level of $5.6 million which will fund 600 trainees, 11 centers and some 60 teaching grants.

STATEMENT OF GOTTLIEB SIMON

The Mental Health Association of the District of Columbia is a Division of the National Mental Health Association. We are a non-profit volunteer organization that has worked since our founding in 1953 to improve the care and treatment of District of Columbis residents afflicted with mental or emotional disorders.

Because the largest single provider of mental health services in the District is the Federal St. Elizabeths Hospital, we follow developments affecting the hospital with great interest -- and concern. We are here today because we are greatly concerned about the Administration's proposal to slash Federal funding for the hospital. This is a wrong, penny-wise and pound foolish proposal. We ask you to, at least, restore Federal support to FY-82 levels, i.e. restore $24 million.

Last fall when word leaked that the Office of Management and Budget wanted to shut down St. Elizabeths Hospital, our Association called a community hearing. In our call we asked what the consequences would be if the hospital were closed or its budget sharply cut next year. Where would people needing hospitalization go? Would more people end up sleeping in the streets and on steam grates? Would there be an increase in suicides? Could the District Government or the private sector take up the slack?

Representatives of thirty-one different organizations, agencies, and coalitions testified at a hearing that began at 3:00 p.m. and extended into the evening. We received testimony from the District Government, current and former patients, employees, professional associations, churches and community service facilities and homes. I will summarize briefly the main themes struck in that testimony and ask the full proceedings be made a part of today's record:

-If SEH were closed - or if Federal support were reduced - local public and private agencies combined could not absorb the additional patients;

-A cutback at SEH will mean an increase in the homeless who wander the streets and an increase in human misery and social problems;

-The idea of precipitously closing SEH or cutting back on its services is "preposterous," "ridiculous," "reprehensible," "unconscionable," "unthinkable," "insensitive," "absurd," "ill-advised," and "cruel";

-The District Government could not possibly take over the financial responsibility of operating an institution with a $120 million annual budget;

-The idea of cutting services or closing the hospital has no justification in political philosophy, treatment philosophy, or administrative philosophy; it is a crass attempt to save money for the Federal Government;

-There has been no consultation between OMB officials and District Government health and planning officials including Federally mandated citizen advisory bodies;

-The hospital provides vital and beneficial services; nevertheless, in some cases staffing is insufficient. Therefore, instead of reducing funding to the hospital, OMB ought to increase it;

-SEH provides vitally needed services for several special groups: those who cannot afford private care, the hearing-impaired, the "criminally insane," and children and youth;

-Closing down services at SEH cannot be justified by the need for deinstitutionalization. There already is a carefully worked out plan for deinstitutionalization mandated by the Federal courts, the Dixon Plan. And the OMB cuts would impede its implementation.

The hospital's budget is approximately $120 million a year. Withholding $24 million in Federal funds would represent a 20% cut. Suppose this cut were translated into a proportionate cutback in bed capacity. On any given day there are approximately 1,900 beds in use at St. Elizabeths. Twenty percent of 1,900 is 380 beds. (A majority of these beds, it should be noted, are used by people without private means of paying for their care.) Now 380 is almost exactly the total number of beds in the private sector in the District. Clearly the private sector would be overwhelmed by a crushing flood of patients if St. Elizabeths Hospital is forced to cut back service on October 1st. The Psychiatric Institute, the largest private facility, has 200 beds. All of the other private facilities, profit and non-profit, together account for only 185 beds. In fact, because of its high occupancy rate the Washington Hospital Center is presently asking the D.C. State Health Planning and Development Agency (SHPDA) for permission to expand its psychiatric service by seven beds.

The Hospital Center's action raises another point. If SEH were not a Federal facility it would have to consult with SHPDA, according to Federal and District law, before it could reduce services so drastically; SHPDA's permission would be required to close the hospital. Since it is Federal, OMB was legally (though not morally) free to totally ignore the District and the Metropolitan area's health planning bodies. The failure of the Federal Government officials in charge of St. Elizabeths' future to consult local officials is unfortunate and very damaging and not at all in keeping with Administration principles.

Let me make sure at this point that our testimony is not misunderstood. We are not making a case for increased institutionalization. Nor are we arguing that present levels of institutionalization are necessary or desirable. What we are saying is that we are against precipitous, unilateral, unplanned, arbitrary and inhumane budget slashing that leaves disabled people out in the cold and out of luck. We support deinstitutionalization. We support treatment in the least restrictive environment. And we support expansion of community living and treatment programs as outlined in the Dixon Plan. The Administration's proposal will not help us achieve any of these goals. It will simply add more chaos to a system that only now is beginning to slowly pull itself together. It will be cheaper in the long run if we proceed in an orderly and deliberate fashion, as the Dixon Plan attempts, than if we seek a quick budget-fix and blindly reduce the St. Elizabeths Hospital budget.

STATEMENT OF ELEANOR KOHN

THIS STATEMENT IS SUBMITTED TODAY ON BEHALF OF:

- THE NATIONAL MENTAL HEALTH ASSOCIATION
- THE NATIONAL COUNCIL OF COMMUNITY MENTAL HEALTH CENTERS
- D. C. STATE MENTAL HEALTH ADVISORY COUNCIL, AND
- THE MENTAL HEALTH ASSOCIATION OF THE DISTRICT OF COLUMBIA

IN ADDITION, THE NATIONAL ALLIANCE FOR THE MENTALLY ILL SUPPORTS OUR RECOMMENDATIONS, AND WE ENDORSE THE STATEMENT BEING MADE FOR THE ALLIANCE TODAY.

WE HAVE COME TOGETHER TO PRESENT UNITED TESTIMONY AND IDENTICAL FUNDING RECOMMENDATIONS FOR FEDERAL PROGRAMS IMPACTING UPON THE MENTALLY ILL. WE HOPE THAT BY SO DOING WE CAN ASSIST THE SUBCOMMITTEE WITH THE EXTREMELY DIFFICULT TASK OF SETTING FEDERAL PRIORITIES. AND WE HOPE ALSO, BY SPEAKING WITH ONE VOICE, TO EMPHASIZE TO YOU THE EXTENT OF OUR CONCERN REGARDING THIS COMMITTEE'S ACTIONS LAST YEAR.

OUR ORGANIZATIONS ARE CONCERNED ABOUT THE 1982 BUDGET LEVELS IN MENTAL HEALTH PROGRAMS, PARTICULARLY MENTAL HEALTH SERVICES AND RESEARCH. IN FY1983, RESTORATION OF PARTS OF THESE SUBSTANTIAL REDUCTIONS ARE ESSENTIAL TO ENSURE PROGRESS IN SERVING MENTALLY ILL PERSONS, AND REDUCING THE INCIDENCE OF AND PREVENTING MENTAL ILLNESS.

MENTAL ILLNESS COSTS THE NATION AT LEAST $40 BILLION EACH YEAR IN DIRECT AND INDIRECT COSTS. IT ACCOUNTS FOR MORE DAYS OF INPATIENT CARE THAN DOES ANY OTHER ILLNESS. UNFORTUNATELY, IT IS PERHAPS THE MOST STIGMATIZED DISABILITY TO WHICH PEOPLE ARE SUBJECTED.

OUR RESEARCH AND TREATMENT PROGRAMS ARE MAKING HEADWAY.
WE ARE LEARNING, FOR EXAMPLE, MUCH ABOUT THE CLOSE LINKAGE BETWEEN PHYSICAL AND MENTAL HEALTH, AS WELL AS THE COST IMPLICATIONS OF FAILING TO ADDRESS THE MENTAL HEALTH NEEDS OF PEOPLE IN A TIMELY, HUMANE, AND EFFECTIVE DELIVERY SYSTEM.

WE KNOW NOW THAT PEOPLE WITH GOOD MENTAL HEALTH TEND TO LIVE LONGER AND TEND TO HAVE FEWER DISEASES THAN PEOPLE WITH POOR MENTAL HEALTH. WE KNOW THAT FACTORS OF PERSONALITY AND EMOTION ARE DIRECTLY RELATED TO CERTAIN INCIDENCES OF HEART DISEASE. PRACTITIONERS KNOW THAT WHEN MENTAL HEALTH SERVICES ARE INCLUDED IN GENERAL HEALTH SERVICES, THERE is often a substantial cost offset which results from reduced utilization of medical and surgical services. We know that the ravages of mental illness and emotional disturbance in infants and young children can be reduced or eliminated by early and enlightened treatment.

With respect to mental health services, the Administration has proposed for 1983, $432 million for the Alcohol, Drug Abuse, and Mental Health (ADM) Block Grant -- the same as FY1982. This is fully 37% less than the FY1981 level. Such reductions provide little incentive or potential for providers to reach a state of independent financing for the needed services they deliver.

Although we appreciate the dilemmma you as a Subcommittee face, we would encourage you to recommend adequate levels of funding, since the problems attendant to increasing costs of care have not been minimized or resolved with the austerity package approved by Congress last year. Our organizations strongly believe that it is essential that the $511 million authorized in the 1981 Omnibus Budget Reconciliation Act be appropriated. This is still $130 million less for mental health services than was appropriated in FY1980. But it would ensure provision of the quality mental health services for which Congress and the Administration would encourage community mental health programs to strive.

The right of all citizens to have access to quality health and mental health care is a worthwhile objective, yet there remain a number of our fellow citizens who are unable to finance their own health care needs due to personal economic situations. Particularly worth noting, last year only 30% of the revenue among the more than 800 community mental health centers came from individuals and private third-party payments. Hence, a substantial percentage of service reimbursement remains a responsibility of social insurance mechanisms such as Medicare, Medicaid, and Title XX.

Since the birth of the community mental health centers program in 1963, federal dollars have been invested, prudently and alternative sources of financing have been sought. Through Medicare, Medicaid, Title XX and the increasing investment of state and local dollars, community mental health centers have become recognized as high quality providers of mental health services to all Americans regardless of

THEIR FINANCIAL STATUS. AND THE PROGRAMS HAVE BECOME AN ESSENTIAL PART OF THE COMMUNITIES THEY SERVE.

BECAUSE OF THE SUBSTANTIAL NEEDS OF THE PEOPLE BEING SERVED, TOGETHER WE MUST ASSURE THE CONTINUANCE OF QUALITY CARE AND THE UNINTERRUPTED PROVISION OF SERVICES.

WE ARE PLEASED TO REPORT THAT EFFORTS TO SECURE ALTERNATIVE SOURCES OF FINANCING HAVE RESULTED IN THE FORGING OF EXCELLENT WORKING RELATIONSHIPS WITH STATE LEGISLATORS AND COMMISSIONERS OF MENTAL HEALTH, AS WELL AS LOCALLY-ELECTED OFFICIALS. BECAUSE OF THIS COHESIVE EFFORT BY THE STATES, THEIR RESPECTIVE COMMISSIONERS, COMMUNITY MENTAL HEALTH PROVIDERS, AND INDEPENDENT STATE ASSOCIATIONS OF CMHCS, COMMUNITY MENTAL HEALTH PROGRAMS HAVE BECOME STRONG AND VIABLE SOURCES OF INFORMATION AND SUPPORT AS IMPLEMENTATION OF THE ADM BLOCK GRANT HAS TAKEN PLACE.

WE STRONGLY URGE THIS SUBCOMMITTEE TO SUPPORT FUNDING THE ADM BLOCK GRANT AT $511 MILLION FOR FY1983. WHILE CENTERS CONTINUE THEIR CONCERTED EFFORTS TO SECURE ALTERNATIVE FUNDING SOURCES FOR COMMUNITY MENTAL HEALTH SERVICES, THEY NEVERTHELESS NEED A CONTINUED COMMITMENT OF FINANCIAL SUPPORT BY THE FEDERAL GOVERNMENT TO ACCOMPLISH THEIR MISSION.

THE OTHER FEDERAL MENTAL HEALTH SERVICES PROGRAM, THE COMMUNITY SUPPORT PROGRAM, IS THE ONLY FEDERAL INITIATIVE SPECIFICALLY DIRECTED TOWARD HELPING TO SOLVE THE TRAGIC NATIONAL PROBLEM PRESENTED BY INADEQUATE COMMUNITY CARE AND SUPPORT SERVICES FOR CHRONICALLY MENTALLY ILL PERSONS, OF WHOM THERE ARE AT LEAST 2 MILLION IN THE UNITED STATES. REPRESENTATIVES OF THE NATIONAL ALLIANCE FOR THE MENTALLY ILL WILL PRESENT INFORMATION ABOUT THIS VITAL PROGRAM, AND WE SUPPORT THEIR RECOMMENDATION OF $11 MILLION IN APPROPRIATIONS.

A STRONG NATIONAL RESEARCH PROGRAM ON THE MULTIPLE CAUSES AND TREATMENT OF MENTAL ILLNESS, THE PROMOTION OF MENTAL HEALTH, AND THE PREVENTION OF MENTAL ILLNESS, REMAINS THE GREATEST SOURCE OF HOPE THAT MENTAL ILLNESS WILL SOME DAY BE CONQUERED.

NIMH-SUPPORTED RESEARCH IS RESPECTED THROUGHOUT THE WORLD. RESEARCH BY NIMH-SUPPORTED SCIENTISTS HAS PRODUCED TWO NOBEL PRIZE WINNERS IN RECENT YEARS.

THERE HAVE BEEN A NUMBER OF EXCITING RECENT DEVELOPMENTS RESULTING FROM MENTAL HEALTH RESEARCH I SHALL MENTION JUST TWO:

- ENORMOUS PROGRESS IS BEING MADE IN STUDYING THE RELATIONSHIPS BETWEEN NEUROTRANSMITTERS IN THE BRAIN, DRUGS WHICH AFFECT NEUROTRANSMITTERS, AND THE VARIOUS BEHAVIORS ACCOMPANYING MENTAL ILLNESS;

- RESEARCH HAS DEMONSTRATED REPEATEDLY THAT SOCIAL CONDITIONS IN THE FAMILY AND NETWORKS OF SOCIAL SUPPORT IN THE COMMUNITY MAY HAVE A SIGNIFICANT EFFECT ON OUTCOMES SUCH AS (A) WHETHER OR NOT A PATIENT WHO HAS RECOVERED FROM EPISODES OF SCHIZOPHRENIA WILL RELAPSE, AND (B) THE PROBABILITY THAT A STRESS, SUCH AS THE LOSS OF A SPOUSE OR A JOB, WILL LEAD TO A PHYSICAL ILLNESS SUCH AS ULCERS, CIRCULATORY PROBLEMS, OR INFECTIOUS DISEASE.

DESPITE SUCH SIGNIFICANT ADVANCES IN THE BODY OF KNOWLEDGE WHICH UNDERLIES ALL PROGRESS IN THE FIGHT AGAINST MENTAL ILLNESS, THE RESEARCH BUDGET FOR NIMH HAS BEEN SERIOUSLY ERODED OVER THE PAST TWELVE (12) YEARS BY INFLATION. IN FY1981, IT WAS ACTUALLY ONE-THIRD LESS THAN IN 1969, AS MEASURED IN REAL DOLLARS.

WE URGE YOU TO RECTIFY THIS DISRUPTIVE SITUATION BY PROVIDING A SUBSTANTIAL INCREASE FOR MENTAL HEALTH RESEARCH FOR FY1983, AND TO APPROPRIATE $180 MILLION. WITHOUT SUCH FORWARD-LOOKING ACTION BY CONGRESS, WE ARE IN GRAVE DANGER OF LOSING MANY SKILLED SCIENTISTS WHO HAVE BEEN WORKING IN THIS AREA.

THE PROPOSED REDUCTION IN RESEARCH-TRAINING FUNDS WILL ALSO AFFECT OUR ABILITY TO CONDUCT MUCH NEEDED RESEARCH INTO THE CAUSES AND TREATMENT OF MENTAL ILLNESS DURING THE YEARS AHEAD. WE RECOMMEND THAT NIMH RESEARCH TRAINING FUNDS BE INCREASED TO $30.0 MILLION FOR FY1983.

THE ADMINISTRATION PROPOSES TO ELIMINATE THE NIMH PROGRAM TO TRAIN CLINICIANS IN THE MENTAL HEALTH PROFESSIONS. WE OPPOSE THE ELIMINATION OF THIS ITEM, GIVEN THE DOCUMENTED SHORTAGE OF TRAINED MENTAL HEALTH SPECIALISTS TO WORK IN STATE INSTITUTIONS, OTHER PUBLIC AND NON-PROFIT COMMUNITY PROGRAMS, RURAL AND INNER CITY AREAS, AND WITH SPECIAL POPULATION GROUPS HISTORICALLY DISADVANTAGED WITH RESPECT TO MENTAL HEALTH CARE.

We urge funding for student stipends in mental health, with the requirement that the student pay back this support by working in state institutions, other public programs or underserved areas. We also support some funding for special initiatives in aging, attracting minorities to the field, and other research and demonstration projects. We recommend an approppiation of $25 million for these clinical training pruposes in FY1983.

Because the largest single provider of mental health services in the District of Columbia is the Federal St. Elizabeth's Hospital, we follow developments affecting the hospital with interest and concern. We are concerned about the Administration's proposal to reduce federal funding for the hospital. We ask you to restore federal support to the FY1982 levels, i.e., to restore the $24 million reduced by the Administration.

Let me make sure at this point that our testimony is quite clear. We support deinstitutionalization. The District Government and the National Institute of Mental Helath have been under court order since 1976 through the Dixon vs Schweiker arbitration to provide treatment in the least restrictive setting and to develop comprehensive community support services.

St. Elizabeth's Hospital and the District Government have formulated a plan for implementation of that court order which would be seriously jeopardized by an immediate $24 million reduction in the hospital budget. The District of Columbia is one of a few select communities in the United States where the stage is set for testing the success of deinstitutionalization through the development of an adequately coordinated and funded community-based system. This process should not be disrupted. And, it will be less expensive in the long run if we proceed in an orderly and deliberate fashion in planning for persons with chronic emotional difficulties, as the Dixon plan attempts, than if we seek a reduction in the St. Elizabeth's Hospital budget.

Our recommendations for FY1933 funding are summarized in this table, which we would like to submit for the record.

Thank you.

RECOMMENDATIONS CONCERNING FY1983 APPROPRIATIONS

Program	FY1981 Actual	FY1982 Continuing Resolution	FY1983 President's Request	FY1983 NMHA Recommendation
NATIONAL INSTITUTE OF MENTAL HEALTH				
Research	$143.1	$134.6	$149.9	$180.0
Research Training	18.9	15.4	14.4	30.0
Demonstrations (Community Support Program)	7.9	5.8	0.0	11.0
Clinical Training	62.4	45.4	0.0	25.0
Program Support	38.2	28.4	31.6	31.6
NIMH TOTAL	$270.5	$229.6	$195.9	$277.6
ALCOHOL, DRUG ABUSE AND MENTAL HEALTH BLOCK GRANT	n/a	$432.0	$432.0	$511.0

Statement of Dr. Carolyn Robinowitz

I am Dr. Carolyn Robinowitz, Deputy Medical Director of the American Psychiatric Association, a medical specialty society representing over 26,000 psychiatrists.

I am pleased to appear before you not only to address the particular concerns of the American Psychiatric Association regarding the President's proposed FY 1983 budget for the Alcohol, Drug Abuse, and Mental Health Administration of the Department of Health and Human Services, but also to represent the concerns of the American Association of Chairmen of Departments of Psychiatry, the American Association of Directors of Psychiatric Residency Training, and the American Society for Adolescent Psychiatry.

Notwithstanding our interest in allocations to a wide range of DHHS programs, I shall restrict my testimony to the clinical training, research, and research training programs of ADAMHA; and state our opposition to the Administration's proposal to phase out support for graduate students under the Guaranteed Student Loan Program. I realize that other witnesses will address the critical issue of services.

I should like first to address the issue of *research*. There are three important considerations with respect to support for research in any health field to be taken into account in your deliberations: 1) Problem magnitude; 2) Problem difficulty; and, 3) Scientific opportunity.

1) The *magnitude of the problem* in our society, i.e., the number of Americans affected, the degree of incapacity and suffering that results, and the economic impact in terms of both cost of care and lost productivity. The economic impact, revealed in a 1977 study, was that the problems of alcoholism cost our nation $49.4 *billion*, mental illness $40.3 *billion*, and drug abuse $16.4 *billion* -- and that was exclusive of hidden costs associated with loss of productivity in the workplace. As to numbers of Americans affected, recent epidemiologic studies indicate that in any one year between 31-41 million (or 15-18% of the population) suffer from a clearly

diagnosable mental disorder, mostly involving a degree of incapacity that interferes with employment, attendance at school, or independent living. For the elderly, recent data show that as many as 25% of those "written off" as senile are in fact suffering from treatable mental disorders (most often depression). In children, it is estimated that 12 million Americans under age 18 suffer from serious mental disorders, including infantile autism, childhood depression, hyperactivity, and learning disabilities; less than 15% of this population receives appropriate treatment. Major affective disorders (depression and manic-depressive illness) strike from 8-14 million Americans annually and account for 21% of psychiatric hospital admissions. Suicide, often associated with depression, is the 11th ranking overall cause of death in the U.S., and is the 5th leading cause of death in the age group 25-44. Schizophrenia, one of the most devastating forms of mental illness, is most common between ages 18-35; it accounts for more than 70% of all admissions to mental hospitals; and, at any one time, 40% of all hospital beds in the U.S. are occupied by patients with a diagnosis of schizophrenia. Alcoholism afflicts 10-14 million Americans, is an insidious and progressive disease, contributes substantially to costs of medical care, results in major loss of productivity, indirectly exerts deleterious effects on additional millions of family members, is involved heavily in accidents and violent crimes, and is currently a major cause of death in young Americans age 15-24. Similarly, the manifold forms of drug abuse, including substances that can produce both psychological and physical dependence, that can undermine personal and social responsibility and productivity, and that can end in literal self-destruction, continue to engage the serious concern of the American people.

Mr. Chairman, I want to be explicitly clear that with respect to another major mental health prblem affecting millions of Americans each year, characterized as anxiety disorders, I am not referring to those tensions and stresses which are a normal part of everyday living for many of us and which often serve to motivate adaptive behavior. I refer instead to conditions of pervasive anxiety and fear of such a persistent and overwhelming nature as to block adaptive behavior and to impose a truly crippling effect on a person's capacity to adjust to the ordinary requirements of living. While these severe anxiety disorders - including the more disabling phobias - are not yet fully understood, there is no doubt as to their prevalence in our society: they constitute 20% of the chief complaints of those seeking medical help, and 40% of prescriptions of psychotherapeutic agents are for anti-anxiety drugs.

2) The difficulty of the problem from the standpoint of its medical and scientific complexity and the limitations in presently available knowledge as to causes, pathology, prevention, diagnosis, treatment, and outcome. Increasingly, research on mental illness, alcoholism, and drug abuse is focusing on detailed functions of the brain, on genetics, and on linkages to behavior. Compared to other parts of the body, the brain's multiple functions as the principal organ of behavior are

extraordinarily complex, diverse, and subtle, requiring equally complex and sophisticated technology and research procedures for their examination. Indeed, a majority of the most promising and productive areas of brain research today stem from basic new knowledge and technological breakthroughs gained only in the last few years. In a parallel fashion, clinical, behavioral, and epidemiologic components of research have required increasingly sophisticated experimental designs which, in turn, have necessitated progressively more objective and quantifiable measures of behavior and subjective states--a scientific challenge no less formidable than that posed by the subtleties of brain research. Despite the long-standing intransigence of these problem areas, developments of the most fundamental nature during the past decade are now opening up entirely new avenues of research opportunity.

3) The scientific opportunity relates to realistic prospects that enhanced research support will be scientifically productive in terms of the identified health problem areas; these prospects, in turn, rest on the recent track record of relevant research advances, the richness of the field in promising research leads, the availability of appropriately sophisticated research technology and methods, and an adequate body of well-qualified researchers. In recent years, new research teams and laboratories have been painstakingly assembled as new and sophisticated techniques of investigation have emerged, and as each increment in knowledge opened new and productive research leads. Among the most dramatic are the following:

* The discovery of opiate receptors and associated naturally occurring substances (endorphins) in the brain, which in turn led to the finding of a hitherto unknown pain-regulating system in man. Recent evidence suggests a likely significant role of endorphins in schizophrenia, severe compulsive disorders, and drug addiction, as well as a role in modulating pain, coping with stress and shock, and even such basic processes as learning and memory. These developments are landmark advances in our understanding of the human brain; they open the way for powerful new insights into the biological aspects of the most severe forms of mental illness.

* In another area, work continues on new techniques of transplanting neural tissue for repair of brain damage. This work, now in its early experimental stages in animals, has long-range implications of the greatest significance.

* Dr. Roger Sperry, an NIMH research grantee, was awarded the Nobel Prize in Physiology and Medicine for his discoveries concerning the functional specialization of the two hemispheres of the brain. His findings have prompted a wave of research useful in predicting psychological and behavioral responses to injury and disease of the brain, as well as neurosurgical interventions.

* Dr. Floyd Bloom, an NIMH research grantee and former NIMH intramural research scientist, received the 1980 McAlpin Research Achievement Award for his significant work on neurochemistry of the brain, including major contributions to our understanding of endorphins.

* The development of new and more effective drug abuse treatment agents is continuing, including the use of LAAM, a longer-acting agent than methadone which results in less disruption of patient's daily routine and which is considerably less expensive than methadone maintenance.

* A recent striking development in alcoholism research has been demonstration of a significant genetic component in alcoholism. Work is now concerned with identifying specific heritable factors that influence resistance or susceptibility to effects of alcohol and affect the rate at which alcohol is metabolized in the body.

* Another development of great significance for present and future research is the technology associated with Positron Emission Transaxial Tomography (PETT), the theory, mathematics, and experimental aspects of which were established largely by NIMH scientists. By use of this non-invasive technique it is possible to display the living brain at work, to begin to map visually and to quantify metabolic processes in the central nervous system associated with highly localized effects of drugs, as well as to identify subtle alterations in function correlated with mental disorder.

Mr. Chairman, in light of the three considerations outlined above, I submit that significantly increased support for research in FY 1983 is thoroughly warranted in the areas of mental illness, alcoholism, and drug abuse.

A final note on research: The overall cost-savings from application of research findings, both direct and indirect, can be enormous. For example, over the past ten years lithium therapy alone is estimated to have saved $2.88 billion in direct mental health costs and an additional $1.2 billion in productivity. These savings of over $4 billion resulting from introduction of a single new therapeutic modality for treatment of one major mental disorder (manic-depressive illness) exceed substantially the total appropriations for NIMH research throughout the Institute's entire existence!

Such advances are brought about only by long and sustained continuity of research effort, ranging from the step-by-step accretion of basic new knowledge to the measured extension of that knowledge into the realm of carefully evaluated clinical application. The continuity and capacity of this essential process in research were substantially impaired by recent budget reductions (especially in FY 1982) for the extramural research programs of the ADAMHA Institutes.

With regard to research training, it is apparent that well-trained basic and clinical investigators are essential instruments of research progress. Their training is long, arduous, and unavoidably expensive. Federal support of such training is a prudent investment in the health and well-being of the nation. Because of the years of training required, there is necessarily a long lead-time in producing highly-qualified investigators. If the research promise of the '80s is to be realized, and if the critical process of sustained continuity of research effort noted earlier is not to be interrupted, it is time now to assure the future availability of the well-trained men and women upon whom the nation must depend for the success of the effort.

Mr. Chairman, the NIMH clinical manpower training program, entailing a fundamental nd comprehensive redirection of its psychiatry and other professional training activities, is vital to the provision of quality mental health care in this country. The goal of this redirection is to assure that sufficient manpower is trained to address the special mental health problems of unserved and underserved populations, including the chronically mentally ill, severely disturbed children and youth, the mentally ill elderly, minorities, and mentally ill residents of many rural and inner city areas, as well as that very large segment of our population with disabling psychiatric problems that presents itself only to the general health sector.

We are pleased to note in the ADAMHA answers to the Committee's questions for the record the reluctant but consistent support for the previous APA Congressional testimony regarding the absolute national shortage of psychiatrists.

With respect to clinical training in psychiatric medicine as supported by the National Institute of Mental Health, it is of a specifically targeted nature and funds are directed and serve largely to offset institutional teaching costs, thereby permitting training programs to focus their educational efforts on such clearly established national priority areas as child and geriatric psychiatry, treatment of the chronically mentally ill (especially those deinstitutionalized into the community), mental health problems of minorities, and underserved or unserved rural and inner city populations. It should be noted that it is particularly in these NIMH targeted priority training areas that a present and projected future shortage of psychiatrists has been unanimously documented through studies by a variety of responsible sources. Finally, in connection with these populations, a recent NIMH study has shown each dollar invested by the Institute in such training yields a twenty-fold by-product in services delivered, primarily to patients with severe mental disorders who otherwise would be unlikely to receive such services.

There is still another important priority area in which the limited NIMH funds exert a critical and far-reaching leverage, viz.,improved training in psychiatric medicine for trainees in the primary care specialties (such as pediatrics and general internal medicine). This national priority stems from studies in recent years concerning the nature and extent of mental disorders among patients seen in the general health care system (as opposed to the more specialized mental health care sector) and cost-effectiveness findings from a reduction in utilization of non-psychiatric medical services (with savings greater than the cost of the mental health services).

Thus, the NIMH high priority on assisting Departments of Psychiatry to develop liaison training programs with other appropriate clinical departments (to enlarge knowledge and skills of primary care and other non-psychiatric physicians in order that they may more effectively recognize and manage psychiatric disorders encountered in general medical practice) is important both in terms of patient needs and medical care economics. This area of training is still in the process of development and NIMH national leadership and funding have been -- and continue to be -- key factors.

We trust you will agree there is clear and well-documented justification -- both in terms of human need and cost-effectiveness -- for continued Federal support of NIMH clinical training programs in the described priority areas.

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

Recent Budget History and American Psychiatric Association Recommendations for FY 1983 Funding (dollars in thousands)

ADAMHA Component

NIMH	FY 1980	FY 1981 (adj)	FY 1982 (CR)	FY 1983 Admin. Proposal	FY 1983 APA Recommendation
Extramural Research	109,799	109,558	94,496	99,539	108,500
Research Training	18,253	18,291	15,360	14,410	18,500
Clinical Training	72,103	62,414	42,238	-0-	32,000
NIAAA					
Extramural Research	18,279	17,624	15,228	24,197	24,197
Research Training	1,191	1,106	1,152	1,086	1,300
Clinical Training	5,689	4,697	3,061	-0-	2,700
NIDA					
Extramural Research	42,024	41,367	35,455	41,878	46,000
Research Training	880	1,117	816	891	1,000
Clinical Training	7,800	6,193	4,439	-0-	2,500

OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH PANEL

STATEMENTS OF:

CAROL L. S. STRUTHERS, ESPANOLA MUNICIPAL SCHOOLS, ESPANOLA, N. MEX.
CAROLINE GASTON, NEW FUTURES SCHOOL, ALBUQUERQUE, N. MEX.
BILL PIERCE, NATIONAL COMMITTEE FOR ADOPTION
DR. TERRANCE D. OLSON, FAMILY LIFE, BRIGHAM YOUNG UNIVERSITY

Senator SCHMITT. Let us go on to the next panel, Office of the Assistant Secretary for Health public witnesses. Please take your places at the witness table.

Barbara Daniels of Chaparral Home, Albuquerque unfortunately will not be with us this morning, but Mr. Bill Pierce, chief executive officer of the National Committee for Adoption will be here on her behalf.

Welcome.

Your prepared statements will be printed in their entirety in the record. Without objection you may proceed according to the arrangements you've made among yourselves, or I would be happy to designate the first witness.

You will have 20 minutes. It's good to have all of you here this morning.

STATEMENT OF TERRANCE D. OLSON

Dr. OLSON. Mr. Chairman, my name is Terry Olson, I'm a professor at Brigham Young University, and I represent Family Life, a prevention issue.

I would like to speak to what a prevention program for teenage pregnancy might look like.

The program I am most familiar with is in three Western States, New Mexico, California, and Utah. I might indicate that the failure of the

Federal Government to be involved in this in the last 10 years in the problem of teenage pregnancy is due in part to their failure to perceive the nature of the problem.

We have given care to pregnant adolescents, which is needed and is important; but that is not addressing the issue of prevention.

In the family program with which I am familiar—I was at a panel a few months ago in New Mexico of pregnant teenagers discussing the situation. When they were asked why they did not use contraception, their response was they didn't want their parents to know "that we were sexually active."

That response reveals a couple of things. No. 1, their prime concern was not that they did not know where babies come from; and second, they were not ignorant of what their parents' values were.

The statement of one young woman reveals further what the problem might be, and that was she said, "I think it's fate in having this baby, because there were other men in my life prior to Bill; and I never got pregnant."

Now, if that's the kind of reasoning teenagers who get in these circumstances are dealing with, then the prevention program needs to address fundamentally the problem of how teenagers reason.

Many teenagers fail to think logically, clearly, or responsibly about the particular consequences of their behavior; specifically, they fail to think about future consequences of their present behavior; they fail to consider the needs of their own family and themselves in their current choices. And bearing a child premaritally affects the relationship they have with their own parents, it affects their own educational and social development, and impacts on the child who is born, as well.

Senator SCHMITT. It affects physical development?

Mr. OLSON. It affects physical development.

And that is where, as a matter of fact, the primary amount of research has come, indicating the higher mortality rates for infants born of teenagers, as well as the physiological consequences on the teenager who is not yet physiologically mature enough to bear those children at that age.

They also fail to see that they need not be victims of circumstances in the way they think they are.

The foundation of any real attempt for primary prevention ought to address at least three things:

No. 1, how teenagers reason?

In addressing that reasoning of teenagers it ought to include a recognition between the relationship of current choices and future consequences.

It ought to address the meaning of the family across time and perhaps across generations.

And it ought to address the effect that each individual has to act on the environment, rather than be a victim of it.

Such primary prevention should also seek to get parental involvement. There are too many primary influences on teenage behavior in this country; one is that of the parents, the second one is that of the peer group itself.

Parental involvement and parental influence tends to move the kids toward wise decisionmaking, consideration of future consequences, and so on.

Peer group influence seems to be very present-oriented and isn't very helpful in making decisions about economic futures or financial issues. So when they're making decisions about sexual issues, it's crucial; because peer group philosophy promote self-defeating decisionmaking among teenagers.

If we do not teach some alternative things about reasoning for teenagers, then we abandon them to the self-defeating philosophies of their own peer group.

The very group of philosophies which I've referred to that can be addressed by teaching teenagers a criterion by which to wisely draw conclusions and wisely in their own and in others' best interest.

One of the main reasons why I support the Adolescent Family Life Bill is because it invites research on both primary prevention and care services. If we continue to offer care services, only then will we continue to look at the problem with only one eye, as it were. We will continue to treat symptoms with a one-dimensional approach. And if we continue a one-eyed approach to solving this problem, we are allowing the need for secondary care to escalate faster than any program could possibly hope to alleviate.

To attack the problem properly, we need to open both eyes and address the fundamentals of primary prevention as well as care services.

And one of the reasons that I am interested in the Adolescent Family Life Bill is that it allows research to be conducted simultaneously on both theory and practice. The results of the demonstration projects proposed in the Adolescent Family Life Bill will not provide just what some people call ivory tower knowledge; but it will produce information about what kinds of crisis can make a difference.

It's the difference in practice that we must learn about as well as understanding of the primary fundamentals.

Thank you.

Senator SCHMITT. Thank you for an excellent statement. I scanned it. There's one line about family life for children who are willing to obey the unenforceable.

STATEMENT OF CAROLINE GASTON

Ms. GASTON. Thank you, Mr. Chairman.

I am Caroline Gaston, and I am the program coordinator for the New Futures School in Albuquerque, N. Mex.

My testimony today will confine itself to the care of the demonstration project under the Adolescent Family Life Demonstration Projects.

This legislation provides that no more than one-third of the funds may go for prevention services, and the rest will go for care services of pregnant adolescents and adolescent parents. It is the only Federal legislation that addresses that issue specifically. And I think it is so important that this legislation be funded.

The types of care services that are important, that vitiate some of the negative physical, emotional, and other consequences, can be provided in programs such as the futures schools, where we provide services.

The first kind of services relate to health services. And that means that it's important to assure that the young mother receives early and continued prenatal care, and she understands the kinds of health instructions that she's being given by her doctor. She needs help in that regard.

Then when the baby is born she needs a special kind of services to insure that she and her child begin to enter the health care system and the child receives the immunizations and those sorts of things, to insure good health care for both mother and baby.

Nutrition services are an important part of the health care services.

Then education, and we mean two things when we're talking about education services:

First of all it is extremely important that the young person be encouraged to have a real opportunity to continue their progress toward their high school diploma.

In Albuquerque of the people who come to New Futures, 90 percent of them say they would not continue in their regular schools, for a variety of reasons. Therefore, it is important to give alternative kinds of education, make that available to them, that encourages that they continue.

The welfare dependency which you often hear about in teenage parents is a result of a lack of educational attainment. If you don't have a high school diploma or equivalent, it's very hard to get a job. So just continuing education is the first area.

The second is education in prenatal health, preparation for delivery, and education in parenthood and child development, so that a stable family can be developed and continue.

The third area has to do with counseling and social services. In order to help the young people develop or retain a more positive self image, to be able to follow the health care instructions, and participate in educational counseling, field services are often essential.

Well, that's the third element of a comprehensive program.

The fourth element is vocational services. Offered is the ability to get a job, that is, to encourage both the young man and young woman to go to school and continue education.

I think it's unfortunate that the youth employment legislation is dying, and I propose that sometime soon you be considering youth employment legislation again. That will be very important in the future as in the past, and I think it appropriate to do that in the future.

The fifth area has to do with day care. Oftentimes it's possible to keep a young woman in a program of some sort until the child is born. But then if day care is not available to her, she might then have to drop out of school. So day care is a part of the program. So we consider that day care is an essential part of the services.

I have pointed out in my written testimony that the type legislation that we're discussing does include in the list of core services requirements that address all of these five areas that I have addressed. And I think probably in a couple of the areas it's an improvement over the prior legislation, in addressing the education more specifically.

So I would encourage the committee to appropriate $15 million in fiscal 1983, and I would hope that you would also consider a supplemental appropriation of $11 million for 1982.

Thank you.

Senator SCHMITT. Thank you.

Do you encourage that the young parent retain the child? I see in your testimony adoption counseling is included.

Ms. GASTON. Oh, yes. We have an adoption counselor, one counselor who is assigned to work with those people considering release for adoption. There is a weekly counseling for those people, in which they share support with each other, and in which they have adopting couples come in and talk.

So it definitely is presented as an option for those people who are considering it. And we present it—that is the way that some people may choose to give greater love to their child, by giving the child up for adoption.

Senator SCHMITT. OK. Next witness?

STATEMENT OF CAROL L. S. STRUTHERS

Ms. STRUTHERS. I am Carol Lee Struthers, project director for Centro de Vida Nueva.

Centro de Vida Nueva, the Center for New Life, is a small six-person staff project currently funded through the Office of Adolescent Pregnancy Programs (OAPP).

We exist to offer educational services and health and social needs coordination to pregnant adolescents, adolescent parents and their children, and also to adolescents at risk of falling into the two previous categories.

We are sponsored by the Espanola Municipal Schools in Espanola, which is the largest city—population 6,800—in northern New Mexico, Rio Arriba County.

Espanola is one of only two incorporated districts in this large county, which is almost the size of the State of Massachusetts.

There is one 80-bed hospital, and no public transportation available in the entire county.

As the figures in my report show, Rio Arriba County is a very rural, sparsely populated, lightly served, poor area of this country. I think we represent similar type counties throughout the United States that are funded by OAPP.

Until Centro de Vida Nueva began serving clients in January 1981, there was no one coordinating effort to get needed services to this segment of our population. From January 1981 to March 1982 we have served 149 clients, young mothers, fathers, and teenagers, in addition to providing health education throughout the school district.

Our philosophy since we began is in our statement.

Centro de Vida Nueva is a program designed to assist adolescents in their development toward responsible adulthood. We see adolescents as individuals of worth. We recognize and enjoy the rich cultural diversity of this area. We acknowledge the importance the family plays in the life of all its members and the strength and support which family members can offer each other in times of stress.

It is our belief that individuals must choose for themselves the direction in which their lives will go. We recognize, however, that many adolescents have neither accurate basic information nor experience in decisionmaking needed to enable them to make informed choices based on reason. Our efforts are directed toward helping adolescents, their families, and the communities in which they live to better understand and become comfortable with their sexuality and themselves as sexual beings.

Quite frankly, without Federal funding, Centro de Vida Nueva cannot continue to provide the services we now supply.

Under the auspices of the Adolescent Family Life Bill, were we to be funded, there would be no need to change or diminish in any meaningful way the services we do and can provide. In fact, in reviewing the program requirements for necessary services, we see that we now provide all 17 services listed either directly or through linkage-referral arrangements.

We want to continue.

Let me conclude my testimony by passing along to you comments about our program from our clients and from other adolescents we have attempted to reach.

We held two courses on peer counseling skills, which included information on teenage pregnancy, alcoholism, drug use, and decisionmaking for high school students. At the end of the course, student comments ranged from:

"It was fun" to "I'd like to learn more about pregnancy and family planning or just about growing up," to "I learned how to take care of myself. I learned some straight facts about life."

We offer special classes in high school for those who are already pregnant or already parents. When asked for comments on these classes and Centro de Vida Neuva's other services, the students volunteered:

"The classes are very helpful to me. They help me with my problems." "It has helped me to come back to school and not worry about where my baby will be staying and with whom." Her baby stays at our nursery while mom attends school.

"They have helped me to decide to come back to school and showed me what is happening to me. They are always there when I need someone to talk to." "I think they are doing all they can to help everybody. They will bend over backwards to help a person with a problem."

"I think that this program is a very good thing and there should be more programs like this. I am really glad that I got into it and I am going to tell all my friends and other girls that need help."

"I am really proud that there is someplace teenagers can go for help in the situation they are in. Thank you for all the help you have given us."

Without Federal appropriations for this Adolescent Family Life Demonstration Projects Act, Rio Arriba County in northern New Mexico hasn't a chance to continue this program.

And I am sure there are other programs in other parts of this great country which share our potential fate. All the help that we have given these young people will not be available for others who encounter the same problems in the future.

On behalf of our clients and their families and of all citizens all over the United States who share similar employment problems, subsistence needs, lack of transportation, and need for health and social services, I urge you to appropriate the moneys requested to facilitate implementation of this act.

Senator SCHMITT. Thank you.

STATEMENT OF BILL PIERCE

Mr. PIERCE. Mr. Chairman, thank you very much. I am happy and glad to be here because Barbara Daniels of the Chaparral Home and Adoption Service had an emergency come up. I know she talked to you at some length about her support for full budgeting and the general intentions, so I will submit for the record her statement.

I would like to say, and I know you got a lot of legislation, but I think one of the things that is very impressive about this bill that we like is that it's probably one of the few pieces of legislation where you find people like Eunice Shriver Kennedy, who is here today, who is in essence the saint who worked her fingers to the bone to get the original bill passed, and the Reagan administration agreeing that not only does the bill make sense, but it should be funded.

And when you've got that type of legislation, it's a clear signal that we must be facing terrible problems. We agree there are terrible problems because there are absolutely hundreds of agencies exactly like Ms. Struthers' all over the country who will do good things if we spend the money. With many researchers like her we can do fantastic things, if we will give them a little bit of money.

And do we have a problem, do we have a problem. I know time is short, Senator, but in this morning's paper in the Washington Post there's this article about two sisters who are caught in the web of dependency. They are real failures: teenage parents, pregnant in high school, a lack of parental guidance, the father of one of the children—the mother called him because she was out of Pampers. He was convicted of armed robbery. He's going to have 20 years in jail.

One of these cases—one case—we can see is costing 20 years in jail and her welfare costs $450,000. Now, that's in today's money.

And we are only talking about $2 million for 1 million pregnant girls every year.

If you would fully appropriate—and we want you to—we have a lot of gall, to ask that, I know—but we would like you to. We are talking about $30 per pregnant teenager.

And here we have a pregnant teenager in this morning's Post and it's costing us nearly one-half million dollars. Talk about costs. There's a problem.

I am concerned about the budget crunch we're in. I see Pete Domenici has got another budget bill, that's going to solve the budget crunch.

And what he says is, let's freeze all the domestic programs in 1982 appropriations.

Well, right now this bill is dying, it's only got $750,000 to keep an inadequate number of staff alive.

We have some figures to provide for the record. There is, sitting right now for pregnant people all over the country, $90 million worth of applications. We have $90 million worth of requests and we've got no money at all.

The supplemental that the administration wants is tied up with all the rest of their supplementals. That's over there—we may get it, when? Who knows?

I am worried because I sure don't want, and the hundreds of thousands of people that we represent around the country do not want this piece of legislation which can save society and human beings pain, and save the taxpayers billions of dollars, to be caught in a budget glitch.

And that budget glitch could happen if the Senate side says they want an approach that freezes domestic appropriations at that level. Appropriations of only $11 million will kill this program.

Senator SCHMITT. Mr. Pierce, I think before we get to a misunderstanding, the budget committee has no power to freeze individual programs. They can provide some guidance to the various committees; but there are other committees who set priorities within that guidance. We'll do the best we can as we did last year. We altered the President's priorities and the budget committee's priorities as seemed to be appropriate based on our hearings. We have our own intuition about these subjects.

I also think it's important to recognize that so long as we are under the threat, and a legitimate threat, of a Constitutional Convention for an announced budget limit, that the ever-increasing entitlement programs are making it increasingly difficult to fund these kinds of special programs—however sympathetic this committee may be; and it is.

You have to recognize that we are squeezing programs that are of equal if not greater value, such as this one, out of the Federal budget. That's the reason we have to come to grips with the budget. Thirty-one States now have passed a resolution mandating a Constitutional Convention; three more, and we'll have a Constitutional Convention.

I don't know very many people that really want a Constitutional Convention that have appeared before this committee. But the States, that's the last power they have over their Federal Government; and they are bound and determined to exercise it.

Mr. PIERCE. I agree with you, Senator, but in terms of—we are talking about this in terms of a welfare cost, which arises from our failure to deal with——

Senator SCHMITT. Which is exactly why we have to gain some control over the budget so we can increase discretionary money, and not just decrease it. I hope everybody recognizes our dilemma.

Mr. PIERCE. I am glad to hear you say that whatever the other committees say, you would support this program.

Senator SCHMITT. Well, we have to live within the law. We cannot exceed authorized levels without authorizing it in an appropriations bill; and that is often very difficult, particularly since it's something the House has to agree with, even though they may authorize an appropriations bill themselves.

But at any rate, that is the essence of our dilemma. We'll do the best we can.

Mr. PIERCE. Well, we'd be glad to have you get us that $30 million, and we will do the best we can to use that $30 million and save some of those billions.

PREPARED STATEMENTS

Senator SCHMITT. Well, if you can get somebody else to agree to give up $15 or $20 million, it might be possible.

We will try to work out the best we can.

Thank you very much, folks; we appreciate having you here. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF TERRANCE D. OLSON

How Realistic is the Goal of Preventing Problems Associated With Teenage Sexual Activity?

Jorgensen (1981), in discussing how likely it might be that adolescent pregnancies could be reduced in the 1980's by educational means, noted four barriers to the efficacy of such education.

1. There may be deliberate pregnancies associated with "untenable" family situations.
2. Levels of adolescent cognitive development may be related to immature and unwise decision-making regarding sexual behavior.
3. Current "sex role structures" of adolescent couples encourage precocious sexual activity.
4. There is a lack of parental involvement in educating children about sexuality.

If these are the barriers to effectively reducing adolescent pregnancies, how can they be overcome? More specifically, how might prevention programs realistically eliminate or reduce these barriers?

First of all, it may be naive to think that putting sex education in the schools is going to solve the problem. At best, public schools are a secondary influence in an adolescent's world, while the primary influences on adolescents in our country remain the family and the peer group. However, if the entire population of teenagers is to be addressed, doing so through the school system is logical, but such attempts to influence teenage behavior should link the secondary influence of the schools with the primary influence of the parents. Moreover, where possible, philosophies of the peer group which lead to self-destructive behavior among teenagers should be identified and contrasted with modes of reasoning which are more related to quality family experiences across the life span. What some regard as "typical" behavior among adolescents in our society is not necessarily wise or beneficial, and teenagers deserve to be shown that all modes of living do not have the same consequences. There are different paths they can travel, with different consequences which they themselves can choose.

It is recognized that these barriers produce the symptoms or problems (such as venereal disease, premarital pregnancies, etc.) which the adolescent family life bill hopes to alleviate. We propose that the barriers identified by Jorgensen can be eliminated most successfully by being addressed directly. If they are the source of the symptoms, our solutions should be focused on those sources. How might this be done?

Barrier 1: The negative family situation.

If some adolescents achieve pregnancy as a means of escaping conflicted relationships with their parents or as a means of finding "fulfillment" in an otherwise hostile world, then the teenager's motives for sexual involvement/pregnancy are already self-defeating. Parental involvement in family life education with their teenagers can provide parents and their adolescents with new views of conflict resolution and of inter-generational understanding. Where parents are unwilling or unavailable for involvement in family life education, education can still be beneficial to teenagers, and can be conducted in a way which promotes the possibility of harmony in parent-child relationships. However, by not attending to the family dimensions of a teenager's experience, school curriculum may undermine the most powerful influence available: the parents.

Barrier 2: Inadequate cognitive development or moral reasoning skills.

Levels of adolescent cognitive development may contribute to immature and unwise decision-making regarding sexual behavior. Such decision-making may not take place with an understanding of the meaning of such decisions across time or across generations. Specifically, teenagers may be unprepared cognitively to deal with philosophies of human sexuality which promote premature sexual activity. Thus, the very philosophies of sexual expression to which our teenagers are exposed are barriers to the solution of problems such as adolescent pregnancy.

Fortunately, adolescents are also asking questions about the meaning of such concepts as justice or honesty, and could be taught criteria by which to ponder such concepts. These same criteria could be applied by teenagers to their decision-making in educational, financial or relational contexts.

However, these discussions cannot be conducted in a moral vacuum where every available choice is presented as if it were equal to every other available choice. Such an approach would imply that there is no particular value in any value, and would obscure the very kind of knowledge the students need to make responsible value judgments. In short, prevention programs must include cognitive development and skills in moral reasoning because they are fundamental to the adolescent decision-making process.

Barrier 3: Teenage couple "sex role structures" which promote early sexual involvement.

Such couples may insulate themselves from the "real world" with fantasies, while behaving in ways which have real consequences. Such fantasies are a further expression of a failure to think maturely about behavior which can affect the future so dramatically. The consequences of immature behavior weigh most immediately and dramatically on women, and have implications for future family relationships, for economic opportunities and for social and emotional development.

These couples often suffer from the egocentric thinking which is the hallmark of adolescent reasoning. One way to attack this barrier to responsible sexual decision-making is through the focus on cognitive development already noted. In addition, the differential motivations and meanings of sexual involvement for males and females should be explored.

This should include a reminder that the double standard is not dead, with respect to the consequences, physically or emotionally, of sexual activity. The woman bears the greater risk and generally takes the greater responsibility regarding the consequences of sexual involvement.

Barrier 4: Lack of parental involvement in educating children about sexuality.

The problem here may be less a failure to teach the fundamentals of biology and reproduction than it is a failure of parents and teenagers to communicate beliefs about what would constitute wise sexual conduct through the adolescent years. Yet curiously, a common reason given by pregnant adolescent females when asked why they did not use contraception, indicates that they did not want their parents to know they were sexually active. This reason reveals that teenagers may not be ignorant of parental values even if they have not been explicitly discussed.

It may be that lack of knowledge--either of human biology or of parental value systems--is not generally the contributing factor in premarital pregnancies. Rather, a conflict of teenage behavior with parental values and in spite of biological knowledge seems to be a typical context. It is proposed, if true long-term prevention of problems of adolescent sexuality is desired, that such prevention is best achieved by exploring the meaning of such behavior, not just to the individual, but to the family across generations.

In promoting the view that we must teach about family life and not just about sexual behaviors, we underline our assumption that morality in this country rests ultimately and most clearly upon the family. And this morality involves much more than just sexual behavior; it involves honesty, integrity, justice, responsibility, etc. Hafen (1981), in an address to the National Council on Family Relations emphatically states that while:

> The individual tradition is at the heart of American culture,... the fulfillment of indivualism's promise of personal liberty depends, paradoxically, upon the maintenance of a set of corollary traditions that require what may seem to be the opposite of personal liberty: Submission to authority, acceptance of responsibility, and the discharge of duty.

Specifically, if we were to teach children of any age that the family implications of sexual behaviors do not matter, we teach that the family does not matter. Would we expect a businessman to be honest in his business dealings, but not in his associations at home? Do we wish to promote the idea that a school teacher should behave justly at school, but not at home? No, we expect family behavior to be moral behavior, and that our behavior in society should reflect the best of our behavior at home, whether we are businessmen, school teachers, college professors or senators.

The family then, is the uniquely necessary source of public virtue. It is within family life that children are taught to be willing to obey the unenforceable.

In review of this point, it may be that philosophies which affirm sexual license among teenagers are more at fault for producing the problems addressed by the adolescent pregnancy bill than lack of parental instruction. However, parental commitment to such instruction cannot be underestimated.

Thus, any prevention program, to be realistic, must utilize and foster family strengths. If we abandon this generation of teenagers by not teaching them the family dimensions of responsibility, they may then reproduce a level of moral irresponsibility in the parents of tomorrow that the parents of today have not yet imagined.

REFERENCES

Hafen, B. C. "Law and the Traditional Family." An address to the National Council on Family Relations, Milwaukee, Wisconsin, October 1981. Published in Vital Speeches of the Day, 1982.

Jorgensen, S.R. "Sex Education and the Reduction of Adolescent Pregnancies: Prospects for the 1980's." Journal of Early Adolescence, Vol. 1, No. 1, 1982, p. 38-52.

STATEMENT OF CAROLINE GASTON

I appreciate the opportunity to present to you today some ideas regarding adolescent pregnancy and adolescent parenthood. I speak in support of an appropriation for Title XX of the Public Health Services Act entitled Adolescent Family Life Demonstration Projects.

This committee has received information regarding the problems associated with adolescent pregnancy and adolescent parenthood. Those problems result in high cost to both society and to the individual families involved. A quick summary of those problems indicates the following areas:

High costs associated with poorer health outcomes for the child
High costs associated with increased medical complications during the pregnancy of the young mother
High costs associated with welfare dependency which results from lowered educational attainment
High costs which result from less-than-adequate parenting practices
High costs which result from the likelihood of closely-spaced repeat pregnancies

I believe that the committee is well aware of these facts and I will not dwell upon them here. I have chosen, instead, to describe to you some of the activities which I believe can alleviate or ameliorate some of the negative consequences of adolescent pregnancy.

The legislation, Title XX, specifies that at least two-thirds of the appropriated funds must be expended for "demonstration projects for services." Of this amount, not more than one-third can be expended for demonstration projects for prevention services. It is appropriate, I believe, that this relatively small amount of money be dedicated to efforts to reduce adolescent sexuality and adolescent pregnancy. Others on this panel are describing such experimental programs today.

It is also appropriate, I believe, that Congress has designated that the majority of the monies allocated under this legislation will be spent on care programs for pregnant adolescents and adolescent parents. There is no other federal legislation which addresses this service area as a primary focus. Care programs such as the ones upon which Title XX's predecessor, Title VI, was modeled have demonstrated cost-effective results. The program which I direct, New Futures School in Albuquerque, New Mexico, is one of those programs. I would like, therefore, to spend a few minutes discussing the services required in such care programs and how they lead to cost-effective results.

Services needed by pregnant adolescents and adolescent parents can best be divided into five general categories: health services; educational services; counseling and social services; vocational services; and child care.

Health services are focused upon improving the health outcomes of the pregnancy and on establishing positive health practices in the early parenting years. These services are described in the legislation as (A)"pregnancy testing..."; (C)"primary and preventive health services including prenatal and postnatal care"; (D)"nutrition information and counseling": (E)"referral for screening and treatment of venereal disease": (F)"referral to appropriate pediatric care": (J)"...referral to...other appropriate physical health services": and (P)"family planning services". Much of the poor health outcomes of teen pregnancies can be attributed to two factors--delayed and/or inadequate prenatal care, and poor nutrition. Services under this legislation will address both of these factors. Pregnant teens need nutrition information, nutrition counseling, and, if possible, nutrition services such as we provide at New Futures School. They need encouragement and support and, sometimes, advocacy to enable them to enter the prenatal health care system as early as possible, and to keep regular appointments. They need assistance in understanding what doctors are saying to them, and why. Once the child is born, they again need assistance, support, encouragement, and advocacy to enable them to begin and continue good health practices for themselves and their child. Teen mothers are highly likely to have closely-spaced repeat pregnancies--studies have reported figures as high as 25% pregnant again at one year post-partum and 50% at two years post-partum. New Futures School provides all the core health services of the legislation. At New Futures School repeated studies have found repeat pregnancy rates of 5-6% at one year post-partum, and 16-20% at two years post-partum. We have lower low birthweight rates for children born to our clients, and lower rates of toxemia during pregnancy than national rates for pregnant teenagers. These health services, when properly provided, will make a cost-effective, and human-effective, difference.

Educational services have two meanings in this context. The first area has to do with education in specific topics associated with pregnancy, parenting, and family life. These services are encompassed in the legislation's service descriptions as (D)"nutrition information and counseling": (G)"educational services relating to family life...": and (L)"consumer education and homemaking". These educational services relate closely to the health services. They are aimed at improving the young mother's ability to provide good pre and postnatal health care for herself and her child. They also address the key issue of parenting education. I believe that young parents want to be good parents, but they often encounter problems in understanding the responsibilities of parenting, in learning to set realistic expectations for their children, in juggling the multiple responsibilities they face at such a young age, and in providing the necessary love, and security, to their child when they feel so little of it themselves. Family life and parenting education, provided appropriately, can greatly strengthen these young families.

The second area of meaning of educational services has been, perhaps, underemphasized in earlier discussions on adolescent pregnancy and parenting. The studies of Dr. Kristin Moore at The Urban Institute have developed the causal relationship between welfare dependency and lack of educational attainment by adolescent parents. Adolescent mothers are likely to become welfare-dependent because they are likely to drop out of school and therefore cannot get jobs. Care programs for adolescent parents must focus upon enabling and encouraging adolescent parents to continue, or reenter, the educational process. The new legislation is an improvement over the Title VI legislation in that it lists, in service (H) "appropriate educational and vocational services and referral to such services," whereas Title VI called for referral only. A recent study reported that no more than 50% of school-age parents graduate from high school. A New Futures School follow-up study conducted last summer found that 82% of our clients have completed a secondary education and an additional 12% were still enrolled in school. The pay-off of the special efforts to enable young parents to complete a secondary education is clear.

Counseling and social services are the third necessary service area. In this area also the new legislation is an improvement over Title VI. Counseling is specifically listed as a service in Title XX as (M) "counseling for the immediate and extended family members of the eligible person", whereas it was only inferred in Title VI service descriptions. Counseling/social services are also described in (A) "...maternity counseling", in (B) "adoption counseling and referral services...", in (I) "referral to licensed residential care or maternity home services", and in (J) "mental health services and referral to mental health services..." Counseling and social services are, in many programs, the glue which holds the package of coordinated services together. This is especially true in "network" programs in which services are provided by many agencies throughout the community. The capacity of this type of program to have an impact upon client outcomes has yet to be demonstrated, I believe. If such programs do succeed, they will do so through the effectiveness of the counseling/social service component which must provide the case management function to ensure that the young parent does indeed receive all the necessary services. Counseling in all adolescent pregnancy programs must deal with the all-important issues of self-concept, decision-making, and goal-setting. Coping skills, and learning how to handle anger are important for the young parent, and can best be imparted by counselors or social workers. Counselors in programs for adolescent parents become involved with family counseling, marital counseling. educational counseling, substance abuse counseling, personal counseling, and adoption counseling, as well as helping young people find emergency housing, food, and clothing. Counseling helps young parents develop attitudes which enable them to benefit from the educational and health services and to become contributing members of society.

Vocational services should be an important component of an adolescent pregnancy program. If you ask a pregnant teen about her principal concern, the most common answers have to do with health. The same question posed to a teen parent elicits responses having to do with financial problems. A young parent who drops out of school to take a low-paying, dead-end job is helping neither herself nor society in the long run. It is far better for a young parent to be in a work-study program in which she can attend school part-time and work part-time. Yet, this service is much less likely to be provided because the youth employment legislation is terminating. It is my hope that this committee will be appropriating funds for youth employment activities which encourage and enable teens to stay in school in the not-too-distant future. A part-time job for one or two years is less expensive to society than welfare dependency for 18 years. This service is addressed in (H) "appropriate...vocational services and referral to such services".

The fifth category of important services is that of child care. This service is supportive to the other four. Without child care the young parent often cannot attend school; cannot hold a job; and cannot participate in counseling sessions. Child care should be an integral part of the parenting education component.

I hope that it is apparent from these service descriptions that, to be effective, these services must be provided in a coordinated manner. I believe that the legislation calls for this, and that the Office of Adolescent Pregnancy Programs is cognizant of this need as it selects and monitors projects. It is also apparent, I hope, that whenever possible these services must reach the young man involved, and the families of both young people. This legislation, and the Office of Adolescent Pregnancy Programs, encourage this also.

Last year, in Albuquerque, over 500 adolescent parents were provided with the type of services I have described. Similar services exist in a relatively few other cities in the United States. What will happen to the majority of the 600,000 teens who deliver babies this year? Five per cent will choose the option of adoption, an option which needs to be considered

by pregnant teens but which experience demonstrates will not be chosen by many, for a variety of reasons. The type of services I have described can provide part of the answer to these questions -- Will they establish strong families? Will they become self-supporting?

I urge this Committee to appropriate $16,000,000 for the Adolescent Family Life Demonstration Projects for Fiscal 1983. I urge you also to pass supplemental appropriation of $11,000,000 for this activity for 1982.

STATEMENT OF CAROL L. S. STRUTHERS

I am Carol Lee Simonson Struthers, Project Director for Centro de Vida Nueva. Centro de Vida Nueva, which means "Center for New Life", is a small six-person-staff project currently funded through the Office of Adolescent Pregnancy Programs. We exist to offer educational services and health and social needs coordination to pregnant adolescents, adolescent parents and their children, and also to adolescents "at risk" of falling into the two previous categories. We are also supported by many in-kind services from our sponsor, the Espanola Municipal Schools, and the health care and social service agencies in and around the city of Espanola. Espanola is the largest city (population 6,803) in the Northern New Mexico county of Rio Arriba. There are only two incorporated cities in this county--Espanola and Chama. 84.5% of our citizens reside outside municipal city limits. This county is almost as large as the State of Massachusetts (15,000 square miles) but has a population of only 29,282. Statistics from the 1978 New Mexico Health Resources Registry show that our population is 82.2% Hispanic, 10.9% Native American, and 6.9% Anglo and "other". Our annual county unemployment rate is 23.8%. Approximately 60% of our families supplement their meager incomes, averaging per capita $4,101.00 a year, with subsistence farming. 34.2% of all families residing here have incomes below the poverty level with an additional 42.5% subsisting on incomes only 25% above U.S. poverty guidelines. State figures from December, 1981 show that 6% of county residents receive financial assistance and 26.9% currently receive food stamps. There is one 80-bed general hospital serving the entire county. Otherwise, people rely on the Public Health Department clinics or on private health clinics and their satellites which depend heavily upon federal and state monies for support. Or they go to Santa Fe or Los Alamos or Taos for health care. On top of that, we have no public transportation available anywhere in this large county. Those unable to obtain private transportation cannot get to medical care when they might need it--if they can afford to pay for it.

As you know, national statistics indicate that 20% of the births in the United States are to adolescent mothers. In 1979, figures compiled at the local hospital show 25% of the 280 births were to adolescent mothers with 27% of those adolescents delivering a second or third child. In 1980, when the hospital was without a practicing obstetrician, 20% of the 276 births were to adolescents with 18% delivering a second viable child. 25% of these adolescents required a Cesarean Section delivery; 21.8% of the infants experienced medical complications; at least two of the mothers are listed as having absolutely no perinatal care. (At the back of this paper is a sheet of the most current statistics available from New Mexico's birth certificates on births and premature births to adolescent mothers in Rio Arriba County.) Adolescent pregnancy is a problem in Northern New Mexico, no question about it.

Until Centro de Vida Nueva began serving clients in January, 1981, there was no one coordinating efforts to get needed services to this segment of our population. Our philosophy since we began is encompassed in the following statement:

> "Centro de Vida Nueva is a program designed to assist adolescents in their development towards responsible adulthood. We see adolescents as individuals of worth. We recognize and enjoy the rich cultural diversity of this area. We acknowledge the importance the family plays in the life of all its members and the strength and support which family members can offer each other in times of stress.
>
> "It is our belief that individuals must choose for themselves the direction in which their lives will go. We recognize, however, that many adolescents have neither accurate basic information nor experience in decision-making needed to enable them to make informed choices based on reason. Our efforts are directed towards helping adolescents, their families, and the communities in which they live better understand and become comfortable with their sexuality and themselves as sexual beings."

We have been able to establish a linkage-referral system with both publically supported and private service agencies in an effort to ensure adequate care for our clients. As of March 31, 1982, we had served 149 clients since January, 1981. Of these, 36 came to us pregnant and 26 of these have delivered while remaining on our active client list. 28 came to us already as mothers. 17 adolescent males have been or are clients,and the remaining 68 are non-pregnant and non-parent adolescent females.

We serve a wide variety of adolescents mostly in the junior and senior high schools but also some young mothers or expectant mothers who have dropped out of school and do not forsee returning. Q uite frankly, without Office of Adolescent Pregnancy Programs funding, Centro de Vida Nueva cannot continue providing the breadth of services we how supply.

I have been shown figures by the Director of New Mexico's Health and Environment Department clearly pointing out that New Mexico will be receiving a cut in federal support money for its maternal and child health programs through the Maternal-Child Health Block Grant award. I am told it will be impossible for New Mexico to maintain its level of services in this realm, let alone add financing for fledgling programs such as ours, however great and good the need. There are no big businesses or industries in Northern New Mexico to support us through charitable donations, either. We are economically a very poor, rural area. Without categorical federal funding through the Adolescent Family Life Bill, our program will die a premature death.

Under the auspices of the Adolescent Family Life Bill, were we to be funded, there would be no need to change or diminish in any meaningful way the services we do and can provide. In fact, in reviewing the program requirements for necessary services, we see that we now provide all 17 services listed either directly or through linkage-referral arrangements. Under the new legislation, we could expand the scope of on-site services provided through Centro de Vida Nueva to include direct health care for adolescents, pregnant adolescents, and adolescent parents and their children. This would strengthen our ability to insure that these citizens and their children do receive needed preventive health maintenance care and acute illness health care in addition to the educational services already in place.

Let me conclude my testimony by passing along to you comments about our program from our clients and from other adolescents we have attempted to reach.

We held a 15 hour course on peer counseling skills which included information on teenage pregnancy, alcoholism, drug use, and decision-making for 9th through 11th graders in our local private high school. At the end of the course, student comments ranged from: "It was fun" to "I think I've found something I can really get into" to "I'd like to learn more about pregnancy and family planning or just about growing up."

Another similar workshop we put on last summer at the public high school for about 80 students from 9th through 12th grades elicited, among many similar ones, the following comments: "I learned how to be open and free to talk."

"I'd like to learn more about alcohol and birth control."

"I learned how to take care of myself. I learned some straight facts about life."

We hold classes to talk about health, sexuality, teenage pregnancy with the general school population. When asked what they had learned from such a class last month, some tenth grade students volunteered: "Don't do anything just because your friends have done it."

"Do what you want and don't be pressured into anything."

"Stop and think before you do it."

"Think before you do something, because if not, you'll regret it."

"I learned that teenage pregnancy is an epidemic all over and not just around here."

We offer special classes in the high school for those who are already pregnant or already parents. When asked for comments on these classes and Centro de Vida Nueva's other services, the students volunteered:

"The classes are very helpful to me. They help me with my problems."

"It has helped me to come back to school and not worry about where my baby will be staying and with who." (Her baby stays at our nursery while mom attends school.)

"They have helped me decide to come back to school, and showed me what is happening to me. They are always there when I need someone to talk to."

"I think they are doing all they can to help everybody. They will bend over backwards to help a person with a problem."

"I think that this program is a very good thing and there should be more programs like this. I am really glad that I got into it, and am going to tell all my friends and other girls that need help."

"I am really proud that there is some place teenagers can go for help in the situation they are in. Thank you for all the help you have given us."

Without federal appropriations for this Adolescent Family Life Demonstration Projects Act, Rio Arriba County in Northern New Mexico hasn't a chance to continue this program. And I am sure there are other programs in other parts of this great country which share our potential fate. All the help we have given these young people will not be available for others who encounter the same problems in the future. On behalf of [illegible] clients and their families and of all citizens all over the United States who [illegible] similar employment programs, subsistence needs, lack of transportation and need for health and social services, I urge you to appropriate the monies requested to facilitate implementation of this Act.

1980 Births By Residence County and Age of Mother: Rio Arriba County and New Mexico

	New Mexico		Rio Arriba	
	26,589 Total Livebirths in New Mexico All Ages		658 Total Livebirths in Rio Arriba County All Ages	
	Number	Percent	Number	Percent
≤ 14 years of age	66	.2%	4	.6%
15-17 years of age	1,718	6.5%	51	7.7%
18-19 years of age	3,039	11.4%	84	12.8%
≤ 17 years of age	1,784	6.7%	55	8.3%
≤ 19 years of age	4,823	18.1%	139	21.1%

1980 Number of Resident Premature Births by Residence and Age of Mother: Rio Arriba County and New Mexico

	New Mexico		Rio Arriba	
	2,184 Total Premature Livebirths in New Mexico All Ages		65 Total premature Livebirths in Rio Arriba County All Ages	
	Number	Percent	Number	Percent
≤ 14 years of age	7	.3%	-	-
15-17 years of age	186	8.5%	7	10.8%
18-19 years of age	307	14.1%	11	16.9%
≤ 17 years of age	193	8.8%	7	10.8%
≤ 19 years of age	500	22.9%	18	27.7%

STATEMENT OF BILL PIERCE

SUMMARY

The National Committee For Adoption, Inc. testimony is presented by Barbara Daniels, Executive Director of Chaparral Home and Adoption Services in Albuquerque, New Mexico.

We thank the Subcommittee for the opportunity to present our concerns about the problem of adolescent pregnancy. We are concerned about the 1.1 million teens who become pregnant every year in this country and what that pregnancy does do their lives, their futures...and what it means to the babies born to them. That is why we support the implementation of the Adolescent Family Life Demonstration Projects Law (AFL). We also support full funding of $30 million for the supplemental request for fiscal year 1982 and for fiscal year 1983. At $30 million per year we are requesting a funding level of less than $30 for each pregnant, teenaged woman. (It's less than $15 each, if you count their babies!)

The original 1978 program got off to a slow start. We don't want to see the AFL law proceed in the same"underfunded"way. A three year authorization total of $190 million got appropriations of $18.5 million -- less than 10 per cent. We're pleased that the Reagan Administration, sensing clearly the human and fiscal seriousnes of the adolescent pregnancy situation, is requesting more than 33 per cent funding of the first year's authorization at $11 million and more than 50 per cent funding of the second year's authorization at $16 million. We'd like this Subcommittee to take this sign of concern a step further and fully fund the Adolescent Family Life program at $30 million per year.

Does the AFL law represent a duplication of efforts currently underway in Title X, family planning projects? We do not think so. Mrs. Mecklenburg, Director of the Office of Adolescent Pregnancy Programs has pointed out in previous testimony before this Subcommittee that the AFL law is not only addressing prevention of adolescent pregnancy, but also providing funds to demonstrate the kinds of care serices pregnant adolescents and their parents need for a healthy and happy birth and baby. The AFL law is a program to demonstrate model programs for teenagers. Title X on the other hand is a program mainly to assist adults in spacing and planning for the birth of their children. 70% of the clients served by Title X clinics are adults. Clearly the increase of incidence of teenage pregnancy among younger teens shows that very special programs need to be developed to prevent younger teens from getting pregnant, too.

Does the AFL law represent duplication of effort with the programs which can be funded by the Maternal and Child Health Block Grants at each State's discretion? Again, we do not think so. The orientation of the Office of Adolescent Pregnancy Programs will be to develop and evaluate models of service delivery program which could be utilized by the States, according to Asst. Secretary Brandt's testimony before this Subcommittee. Research and program development on the relationship of adoption to pregnant adolescents is needed, for just one example.

My name is Barbara Daniels, and I am Executive Director of Chaparral Home and Adoption Services, a private, not-for-profit, statewide agency located in Albuquerque, New Mexico. Chaparral Home and Adoption Services is a charter member agency of the National Committee For Adoption (NCFA) and I currently serve on the Board of Directors of NCFA, and am appearing on behalf of the National Committee For Adoption. I want to thank you for inviting NCFA to testify for appropriations for fiscal year 1982 and fiscal year 1983 for the Adolescent Family Life Demonstration Projects law (Title XX of the Public Health

Services Act). We recommend that the Subcommittee give serious consideration to recommending that the authorizing levels of funding be appropriated -- $30 million per fiscal year.

Chaparral Home and Adoption Services has functioned since 1969 as the primary independent and private social agency in New Mexico to provide confidential services to unwed parents, children and adoptive parents. My agency provides casework services to nearly 300 people annually who are seeking alternatives to problem pregnancies. 146 young mothers and 97 fathers were served through Chaparral Maternity Home last year. We also offer professional social work services to couples who wish to become adoptive parents. Last year 58 children were placed in permanent homes. We have a Title XX purchase of services contract with the New Mexico Human Services Department, and have found homes for 43 infants and 26 toddlers during the past year. We are sharing home-finding responsibilities with the State Department so that more of New Mexico's children will be adopted sooner as infants, and thereby prevent more of New Mexico's children from being placed in foster care for too long. Along with State and Federal revenues, we are also sharing in the funding of these important services to children and their families. We receive funding through adoptive parent's fees, sliding scale fees charged to unmarried girls who are able to pay, and other private charitable contributions.

NCFA is a national, voluntary membership organization for agencies and individuals. Our members believe that adoption is a positive option for young, single or troubled parents to consider when making a plan for their unplanned or unwanted pregnancy. Our member agencies are non-profit, voluntary social services agencies which provide maternity home care and other health and educational services to pregnant adolescents and which offer adoption counseling to unmarried parents and to prospective adoptive parents. NCFA supports the efforts of the Office of Adolescent Pregnancy Programs to demonstrate through comprehensive community programs approaches which work to alleviate the problems associated with adolescent sexual activity and adolescent pregnancy and parenthood. We have been working since our founding toward these goals and included in our work goals for 1982 is to "assist in implementing the Adolescent Family Life Demonstration Projects law." (AFL)

We were pleased that the Subcommittee held a hearing on February 3, 1982 where testimony from Senator Denton and Assistant Secretary Brandt confirmed the need and support for adequate funding for the AFL law from both the authorizing Committee and the Administration respectively.

The President's budget request for 1983 does include a funding request for the AFL law -- an $11 million supplemental (of which $750,000 has been appropriated already) for fiscal year 1982, and $16 million for fiscal year 1983. We do want the Subcommittee -- at the least -- to endorse this funding request. We also would like to take this opportunity to suggest reasons why the full authorization level of the AFL law of $30 million per fiscal year should be approved by this Subcommittee.

It would be fair to say that the original law, the Adolescent Health, Services and Pregnancy Prevention and Care Act of 1978 got off to a slow start. While offering a pioneering approach of providing specialized, comprehensive services to sexually active adolescents. the funding level of the law was much lower than anticipated. While the legislation authorize appropriations of $50 million in 1979, $65 million in 1980 and $75 million in 1981, the appropriations levels have been $1 million, $7.5 million and $10 million respectively. Even with these limited amounts of money, a broad variety of service providers have received grants to demonstrate effective models. Examples include: Espanola Public Schools in New Mexico; Family Planning Services of Central Massachusetts in Worcester; the Johns Hopkins University adolescent pregnancy program in Baltimore, Maryland; a migrant workers project, the Centinela Valley YMCA in Inglewood, California; and the County Adolescent Network of Berkshire, Inc. in Pittsfield, Massachusetts. In the first year, four grants were awarded. In FY 1980, the first full year of operation of the Office of Adolescent Pregnancy Programs (OAPP), 27 grants totaling $6.4 million were awarded. Combined these projects touched approximately 38,000 teenagers. Viewed another way, 1 out of every 29 teenagers who got pregnant were touched by an OAPP funded project during 1980 (if we assume 1.1 million teenage pregnancies).

As Sen. Edward Kennedy said in his supportive remarks about the AFL law, "But this is only a start."

It was evident from the very first grant application process that there were many areas in the country and many groups of community programs which could effectively participate in this demonstration project. When the first announcement went out for grants in 1979, 2,500 application kits were requested from OAPP. 384 programs actually applied. The total funding requested represented $101,260,539. Only $740,000 was available from the first year's appropriation for grants! That left 186 projects which had been approved totaling $52 million which could not be funded by the Federal government's adolescent pregnancy program. By 1981 38 of the 190 approved grants have received funding. Located in 29 states and the District of Columbia, the projects include 12 new grants totaling $2,618,057; 22 second year grants totaling $4,774,238; and four third year grants totaling $606,398. These grants were the final awards under the provisions of the original adolescent pregnancy law, Title VI of P.L.95-626. During its three year life, 152 projects approved as meeting the requirement of the law for demonstration funds were never able to be funded. At least $34 million more could have been effectively used to demonstrate across the country the ability of communities to link-up an array of health, education and social services at a single site or through a referral system to serve pregnant adolescents, their babies and their families.

Therefore, we are recommending that the implementation of the new and improved adolescent pregnancy program, the AFL law, be given a better chance. The full authorization level of $30 million should be made available. At least the President's request is a signal for the program not to lose momentum. However, the longer it takes the Federal government to reach an effective level of effort for this law, the worse the situation of adolescent pregnancy becomes for the country. The need for funding's certainly not yet begun to diminish. For example, since March 1, 1982, when OAPP announced its intentions to accept applications for demonstration grants under the new AFL law -- dependent upon receipt of appropriations, of course -- 2,262 application kits have already been requested through April 22, 1982. It is certain that OAPP will be in the same position of three years ago with many more approved projects than funds. At the $30 million appropriation level, OAPP will be able to more successfully administer the AFL law by funding high quality proposals serving all 50 states and many different and innovative approaches to service and research within the States.

In summary, to build on the momentum achieved by the Federal government during the implementation of the Adolescent Health, Services and Pregnancy Prevention and Care Act the Administration's request should be the minimum appropriated. $ 30 million for 1982 and 1983 is what's needed for an effective demonstration under the AFL law, we feel.

The Adolescent Family Life (AFL) law was incorporated into P.L. 97-35, the Omnibus Budget Reconciliation Act. The law continues the adolescent pregnancy programs begun in 1978 and initiates a new 3-year program of services and research in the areas of adolescent sexual activity, including pregnancy. Grants for services would target two adolescent groups: First, pregnant teenagers and their parents could benefit from a wide range of health, education and social services. Information about adoption, and referral to licensed adoption agencies and maternity homes are required services. NCFA supports this effort to promote adoption as a positive option, since current Federal programs have done almost nothing to present this option constructively. Second, through education and outreach, grantees will also be able to help adolescent boys and girls and their parents realize the consequences of premarital sexual activity and encourage those teens to refrain from premarital sexual relations. For all services, grantees must involve parents and the community through religious, charitable and voluntary groups. Services are targeted to teenagers under the age of seventeen. There is a research component focusing on the consequences of adolescent sexual activity and adolescent parenthood. Research on adoption's current rates, factors involved in making an adoption plan, and the kinds of services settings which best promote adoption will also be conducted.

There is a growing concern around the country -- and in New Mexico -- for the increased number of adolescent mothers choosing to parent their infants, rather than considering to make an adoption plan. Therefore, a group of concerned individuals and agencies are cooperating to conduct a research study on identifying the factors which influence the adolescent in the decision making process with regards to single-parenting or adoption. This is just the kind of research which needs to be funded by the Federal government. In order to more effectively deliver services to unmarried, adolescent parents, research focused on service delivery is essential.

Several national groups -- with diverse constituents -- but with the common goal of reducing the incidence of teenaged, out-of-wedlock pregnancy and parenthood have endorsed the AFL law: Included among them is our organization, the National Committee For Adoption, and the following others: American Citizens Concerned for Life; American Life Lobby; Joseph P. Kennedy, Jr.Foundation; March of Dimes Birth Defects Foundation; National Association of

Evangelicals; National Coalition of Hispanic Mental Health and Human Services Organizations; National Conference of Catholic Bishops; National Conference of Catholic Charities; National Right to Life Committee; National Urban League; United Families of America; and World Organization for the Ovulation Method--Billings.

Despite the efforts of many to explain the AFL law's intent and goals, many serious questions have been raised about the law. There are two areas of concern which we would like to address, the question that the AFL law duplicates services provided in 1) Title X, family planning services programs and in 2) the maternal and child health block grant.

We, people and agencies around the country, and Administration officials do not think the AFL is duplicative. It's a program primarily for teenagers. Title X serves adults primarily -- 70% of its clients are adults.

Much controversy over the proposed regulations requiring parental consent for teenagers' receiving prescription contraceptives under the Title X family planning program has "spilled over" into the Adolescent Family Life law's plans for implementation. First, it should be remembered that the AFL law is a small demonstration project and does not represent all of the programs serving pregnant adolescents nationwide. Second, family involvement is required in the AFL demonstration projects, with some very important exceptions. But it must be noted that when serving already pregnant teens, family involvement is most often positive and legally necessary. Finally, the AFL law is not part of Title X, never has been, and must not be perceived as just another family planning program. The AFL is a demonstration projects law to give the Federal government an opportunity to look at model programs, research and evaluate these programs and disseminate useful information for serving pregnant adolescents and their families.

The AFL doesn't duplicate the Maternity Child Health programs (MCH) either, as Assistant Secretary Brandt, among others, has said. Most of us agree that MCH and the block grants can be used to fund these programs but that the AFL and the Federal government must develop and evaluate models of service delivery programs, develop some baseline information and then -- only then -- determine that the programs could go entirely to the States, after there has been sufficient evaluation of the programs undertaken by and supported by and evaluated by the Office of Adolescent Pregnancy Programs.

One of the factors about this legislation that concerns us most is the matter of "image." When this legislation was initially proposed by Senator Denton, it contained two words that struck Washington, D.C. -- and most of the media -- as ludricrous. Those two words were "chastity" and "promiscuity." What Senator Denton could not have known, was that his use of those two words -- out of several thousand in his proposed legislation -- would be the pretext for dismissing the whole idea. The Washington Post and the wire services decided that skeptics' conclusions that this law was to create "store-front chastity centers" would make great headlines and so the AFL law become so dubbed the "Teenage Chastity Bill". The "Doonesbury" comic-strip also devoted a day to lampooning the desire of Senators to promote chastity.

Simply stated, those who have continued to mislabel the AFL law -- long after the "offensive" words were removed and various public statements by Senator Denton and others (including Mrs. Eunice Kennedy Shriver and our organization) were printed that clarified the intent of the law -- are trying to kill the law, and of course do not plan to support any appropriations for the law.

Because we do not think that adolescent pregnancy is something to be laughed off, we ask this Subcommittee to set aside all of the humorous images and all the inaccurate oversimplifications that have characterized most discussion of the AFL law. Recognize, just as members of the Senate Labor and Human Resources Committee--including Chairman Hatch, Senator Denton and Ranking Minority member Senator Kennedy--did that this law is a demonstration of some very important teenage care and services programs--some of which may be housed in store-fronts!

In a trillion-dollar world, we respectfully ask that you appropriate $30 million for a program that promises to get us started doing something in a substantial way on the problems related to adolescent pregnancy. If you do so, it will be a clear sign to American taxpayers that this Subcommittee cares about the millions of lives and billions of dollars that are being wasted because none of us did enough before this.

Thank you for inviting NCFA to testify.

HEALTH RESOURCES ADMINISTRATION PANEL

STATEMENTS OF:

- **DR. PATRICK R. WELLS, THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS**
- **DR. JULIAN H. FINCHER, AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY**
- **PETER D. ROSENSTEIN, AMERICAN ACADEMY OF PHYSICIAN ASSISTANTS**
- **DR. LOUIS SULLIVAN, PRESIDENT, MOREHOUSE SCHOOL OF MEDICINE**
- **MICHAEL K. GEMMELL, EXECUTIVE DIRECTOR, ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH**
- **PATRICIA JONES, FOR BARBARA NICHOLS, AMERICAN NURSES' ASSOCIATION.**

Senator SCHMITT. Our next panel will give a presentation to the subcommittee on the Health Resources Administration. The subcommittee will hear testimony from representatives from the Association of Minority Health Professions Schools, the American Association of Colleges of Pharmacy, the American Academy of Physician Assistants, Morehouse School of Medicine, Association of Schools of Public Health, American Nurses' Association.

If the members of this panel would come forward and begin. Your full statements will be printed in their entirety in the record, without objection; and you may proceed according to whatever arrangements you have among yourselves.

If everybody will hold their testimony to 4 minutes we should be able to finish.

STATEMENT OF DR. PATRICK R. WELLS

Dr. WELLS. Thank you very much.

My name is Patrick Wells; I am dean of the School of Pharmacy at Texas Southern University, representing here today the Association of Minority Health Professions Schools.

Joining me today, a member of the association, and the president, Dr. Louis Sullivan, president and dean of the Morehouse School of Medicine, Dr. Walter M. Bowie, who is dean of the Tuskegee Institute School of Veterinary Medicine, and Dr. David Thatcher, who is president-elect.

I am here today to express the views of the Association of the Minority Health Professions Schools regarding the impact of the President's fiscal year 1983 budget request.

Our concern is for the vast majority of minority students and their growing inability to finance medical and health professions education.

The purpose of our association is to advance the educational goals of its member institutions, and to increase the number of black and other minority health professionals in the Nation for our underserved minority and low-income communities.

Our task, like yours, has recently become increasingly difficult.

The association represents all the predominantly black health professions schools in the United States.

From schools of the association have graduated more than 40 percent of the Nation's black physicians and dentists, 90 percent of the Nation's black veterinarians, and 50 percent of the Nation's black pharmacists.

The members of the association are indeed national institutions which are serving a vital national need. Our institutions also provide leadership to the Nation's other health professions schools in the development of programs and techniques for increasing the number of black health professionals.

Much has been accomplished by the schools of the association in spite of very limited financial resources over the years. However, much more needs to be done.

Although blacks represent 12 percent of the Nation's population, blacks still comprise less than 3 percent of the Nation's physicians, less than 2 percent of the Nation's dentists, less than 2 percent of the Nation's pharmacists, and less than 1 percent of the Nation's veterinarians.

There is no surplus of minority health professionals. Indeed, there remains a critical shortage of minority health professionals in the Nation.

The effects of this shortage are becoming more and more apparent. A recent study by the Institute of Medicine showed that, in spite of significantly higher incidences of neonatal and infant mortality, maternal mortality, hypertension, and other diseases, blacks still see private physicians and dentists less often than whites, and have fewer and inferior health care facilities, including hospitals, nursing homes, and other facilities available to them, than whites.

The need for the institutions of the association is well documented.

Students in our institutions are dedicated and talented young people from diverse backgrounds. However, most are from families whose annual income is less than $15,000.

As a result, more than 90 percent of our students require some form of financial aid.

As is the case with all students in higher education, most of the financial aid available to minority health professions students has been from Federal sources, including health professions students loans, national direct student loans, exceptional financial need scholarships, and guaranteed student loans.

In addition, a high percentage of students in our institutions until recently received National Health Services Corps Scholarships, which provided support for their education in return for their subsequent service in a medically underserved area after completion of their training.

We are facing the real possibility that for the first time in the past 30 years or more we may witness the actual withdrawal of black students already enrolled in medical, dental, veterinary, and pharmacy schools, because of the lack of financial support.

This would represent a personal career catastrophe for the affected students, a thwarting of our institutions' missions to train more black health professionals, a loss of the investment made by their health professions programs, and by our health professions schools, a disaster for the Nation, and the denial of our Nation's commitment to equal access in education for its citizens.

Mr. Chairman, as a national consortium, we are witnesses with great concern and stress the increasing number of low- and middle-income students who cannot afford a health sciences education.

We ask your support and sincere consideration for the continuance of the guaranteed student loan program.

We also seek assistance with the health education assistance loan program.

In summary, the President's budget proposals would almost completely halt student funding for medical education. We seek the help of this committee in addressing these issues.

In addition to student aid, we would like to call your attention to financial distress in our program. These programs are crucial to the survival of the minority Meharry Medical and Dental Colleges, the Tuskegee School of Veterinary Medicine, and the Xavier College of Pharmacy.

We also seek your support for construction and conversion funds, in particular, for Morehouse School of Medicine. This will be set forth in more detail by the president.

Thank you very much, Mr. Chairman.

Senator SCHMITT. Thank you.

STATEMENT OF PATRICIA JONES

Ms. JONES. Mr. Chairman, I am Patricia Jones, director of the American Nurses' Association Washington Office. Barbara Nichols, president of the association has been delayed on a cross-country flight.

We appreciate the opportunity to present our views on the President's fiscal year 1983 budget requests for the Health Resources Administration.

I would like to just summarize our testimony and request that our statement be included in the record.

Mr. Chairman, let me say at the start that we appreciate the difficulty of the task that is before you and your committee. We understand the difficult choices that you have been forced to make over the past year and those that are before you this year.

Although we remain concerned about last year's funding cuts and their impact on health services, we believe you and your committee have worked in good faith and have acted in a responsible manner, helping to preserve important programs once threatened with virtual elimination.

We are here to comment on the programs administered by the Health Resources Administration. However, as the largest group of professional health care providers responsible for providing direct care to patients in every health care setting, we are also very concerned about all the administration's recommendations which would make additional reductions in health programs that were cut significantly last year.

Access to health care is limited when public health service programs are cut back. This approach will not save money in the long run since many high risk populations are served by these programs. If they are deprived of adequate care because of cuts in public health service programs, they ultimately may need more costly medical care paid by other Federal entitlement programs, such as medicare and medicaid.

Mr. Chairman, the American Nurses' Association is distressed to have to be in the position, once again, of requesting your support in opposition to the massive cuts requested by the administration for nurse training and research programs.

We cannot help but believe that the nursing program has been singled out to carry an unfair burden.

For example, the administration has requested a budget cut of 75 percent for nurse training and research programs in fiscal 1983. That comes on top of a 38-percent cut enacted last year, and a 25-percent reduction the year before. Clearly, these reductions are having a crippling effect on nursing education.

For example, a proposal from the State Board of Higher Education in Oregon, the Oregon Health Science Center University, will experience reduction in nursing faculty positions and undergraduate enrollment will also decrease.

In addition, outreach programs in eastern Oregon and Eugene are recommended for elimination effective July 1982.

Other schools of nursing with long histories, such as Skidmore College of Nursing in New York, and Duke University School of Nursing are also being forced to close.

If Federal support is reduced to the level requested by the administration, we would expect that these examples would be repeated in schools throughout the country. Furthermore, with fewer students and fewer education programs, we expect the shortage of nurses to increase.

We would also like to discuss the impact of the President's fiscal year 1983 budget requests on specific nurse training and research programs.

However, since time is very short, I just want to make a couple of quick comments.

The greatest need in nursing is for nurses with advanced degrees. At present, less than 75,000, or about 5 percent of all nurses are prepared at the masters or doctoral level.

Senator SCHMITT. Is that nurses trained or nurses actually working?

Ms. JONES. Nurses trained and nurses working.

In 1980 only 16,000 nurses were enrolled in such programs. The need for nurses with advanced preparation is currently about 204,000.

The President's budget for fiscal 1983 would make a 90-percent cut in the advanced training program which provides institutional support and traineeship. Under the President's request, a total of 7 awards would be provided compared to 74 during the previous year. The President's budget would also eliminate the professional traineeship program which provides stipend support to the registered nurses for full-time study at the graduate level.

We continue to be very concerned about the nursing research program.

Over the past year the nursing research projects program has been reduced from a funding level of $5 million to $2.4 million. This has resulted in a decrease in the total number of projects supported from 43 to 37.

More significantly during fiscal year 1982 all 37 projects funded were continuation awards, making the program completely unable to fund any new projects.

These cutbacks are devastating, not only in terms of the research progress but because of the urgent need for related research with cost effective outcomes.

Another area of concern is the psychiatric nursing clinical training program administered by NIMH. This program represents the major source of funding for psychiatric and mental health clinical training.

While the President's budget includes $14 million for mental health training, the budget recommends that all of these funds be allocated to research training.

Thank you once again for providing us with the opportunity to present our views; and we hope that our comments will be helpful to you in reaching these difficult decisions.

Senator SCHMITT. Thank you very much. They will be quite helpful to me.

STATEMENT OF MICHAEL K. GEMMELL

Mr. GEMMELL. Mr. Chairman, my name is Michael Gemmell. I am executive director of the Association of Schools of Public Health.

We appreciate the opportunity to testify to the subcommittee to present the contributions of public health practice toward promoting health, preventing disease, and cutting medical costs; and to present the association's views.

Application of the principles and practice of public health have had dramatic results. The near elimination of polio and the worldwide eradication of smallpox are two recent examples of the effect of public health practice and research.

With the control of infectious diseases, the chronic illnesses are now our major causes of death and disability. Application of approaches unique to public health, proven successful in controlling infectious diseases, are vital in the effort to limit the toll from these chronic ailments.

Presently, we are spending billions of dollars on treatment of chronic diseases and research to find cures for such diseases, while at the same time devoting little of our health care dollar to finding ways to prevent chronic diseases. Despite the renewed focus on prevention by Secretary Schweiker, current estimates of the percent of our health care dollar spent on prevention are at about the same level as they were in the seventies.

Now, Mr. Chairman, I would like to outline the request of the association for fiscal year 1983.

First, we urge the subcommittee to continue Federal institutional support, or capitation, to schools of public health. Federal funds received by the schools have been considered to be the Federal Government's share of preparing men and women to meet the public health needs of this country.

Located in 17 States and Puerto Rico, the 22 accredited schools of public health train students from every State in the Nation. Graduates of the schools of public health work primarily in the public sector in the areas of health promotion and disease prevention.

They represent the basic resources pool from which Federal, State and local health, and environmental health agencies draw their manpower needs.

The administration proposes to end capitation support to schools of public health, but it does propose to provide a limited $2.5 million for special projects in areas designated as national priorities for public health.

We support this proposal, but not at the expense of capitation.

We are puzzled as to why the administration wants to end support to our schools in light of the Secretary's pronouncements about making health promotion and disease prevention a number-one priority in his Department.

Recent HHS reports to Congress state that a short supply of public health personnel exists in our Nation. It is surprising, therefore, for the administration to propose drastic reductions in Federal support to schools of public health. Given the present state of the economy, certain reductions in Federal spending are justified.

However, to recommend cuts in programs that contribute to keeping individuals out of the medical care system does not make sense. Cost savings in the health care system can be achieved through greater emphasis, not reductions, on programs that keep people and communities healthy.

Based on the fact that Congress terminated capitation for all schools of the health professions, except schools of public health, in last year's reconciliation act, we believe that we were given clear signals by Congress that support would continue because of the nature of our national mission to promote health and prevent disease.

We urge you, Mr. Chairman, to appropriate these funds.

We further urge you to approve $3 million for student assistance and traineeships.

As employees of government, universities, and private and nonprofit health agencies, these graduates receive modest salaries in contrast to the high remuneration received by most health professionals. I should also add that our students are also heavily dependent on graduate student loans in addition to traineeship stipends; and we urge support of that program as well.

Finally, Mr. Chairman, we urge the subcommittee to approve the administration's request of $1 million for preventive medicine and public health residencies to promote an awareness of prevention within the medical profession.

In summary, we believe, Mr. Chairman, that continued Federal assistance in public health is actually an investment in the front end of the health care system. The schools, through their students, graduates, researchers, and community services, will not only help prevent illness but will also help slow down the rapidly escalating costs of medical care.

Thank you, Mr. Chairman.

Senator SCHMITT. Thank you very much.

[CLERK'S NOTE.—An additional statement provided by the Association of Schools of Public Health is in the subcommittee's files.]

STATEMENT OF PETER D. ROSENSTEIN

Mr. ROSENSTEIN. Mr. Chairman, my name is Peter Rosenstein, and I am executive director of the American Academy of Physician Assistants.

The academy is the national professional association representing the physician assistants (PA), and I am pleased to have this opportunity to summarize for the committee our recommendations for the fiscal year 1983 appropriations budget.

Although fiscal year 1983 funding for PA programs is $5.5 million, the administration has requested only authorization or appropriation of $4.4 million. We urge, and respectfully so, the committee to appropriate the full amount of $5.5 million.

The reason we do this is multiple:

Physician assistants have been proven to be able to serve patients and provide medical care that is both quality and cost effective. Where we all recognize the variables of keeping the budget within reason, and we realize one of the main reasons for this budget rising are health care costs in this country—physician assistants can help reduce those costs.

By cutting their training programs, by letting $1 million stay in there, we may generate costs of hundreds of millions of dollars to the public and the Government.

The profession is only about 16 years old. There are 15,000 practicing physician assistants in the country at this time, many serving in rural areas, serving people that are underserved medically, and serving with physicians.

The physician assistant is a dependent profession. They work with the physician. And studies have shown they provide 70 to 80 percent of the health care that physicians handle under proper supervision.

If these funds are reduced drastically, many of the 66 training programs presently in existence may have to close or reduce their faculty. Faculty ratios of physicians in training programs are approximately 11 to 1 at this time. Medical schools are approximately 3 to 1. The difference in training costs in a PA and a physician are $110,000; the PA can get out and serve the community within approximately 3 years.

The cost savings to the country through proper utilization of PA's has been proven time and time again.

In Michigan, by using surgeon assistants, one practice in association with Blue Cross-Blue Shield, was shown able to save $180,000 in 1 year of direct costs. Those kinds of savings, multiplied nationally, would mean a great deal in health care cost savings to this country.

For the first time, because people are so dramatically concerned with their health care costs, a New York Times survey of March 29 showed 6 out of 10 Americans would be willing to take care of their primary care needs by physician assistants and more nurse practitioners, rather than physicians. That introduces dramatic cost savings. It's the first time for public understanding that certain care can be given that does not require the extensive training of a physician, but rather the immediate training of personnel like the physician assistant.

If we cut physician assistant training programs now, this kind of cost saving will not be possible.

Studies done across the country prove patient care is both equal to physician care when done properly and properly supervised, and the public is accepting this type of care.

We believe that the kinds of care given in this day and age will be given in businesses, hospitals, HMO's, and every possible health care setting.

One of our programs in Seattle, Wash. recently held a symposium inviting 140 business and hospital administrators and medical directors to attend. And they attended with the desire to find out how physician assistants could serve them.

Representatives of corporations such as Boeing and major medical centers attended. They attended because they understand the cost savings that can be generated to their own institution and their own corporation.

Because of these reasons, and because we understand the dramatic need to reduce the deficit, and the dramatic need to hold health care costs down in this country, we urge you to appropriate the full $5.5 million for physician assistant education.

The PA concept is new, but not that new that it has not already proven to be effective. It is the most innovative change to take place in health care delivery in this country in the past decade. It has already produced dramatic and important results and it would be a shame when it's just coming into its full flower to cut it off at this time and to have lost for our country those dollars in savings.

Thank you very much.

Senator SCHMITT. Thank you.

STATEMENT OF DR. JULIAN H. FINCHER

Mr. FINCHER. Mr. Chairman, I am Julian Fincher, dean of the University of South Carolina College of Pharmacy, and chairman, Council of Deans of the American Association of Colleges of Pharmacy.

I am speaking on behalf of 71 other schools of pharmacy, and I appreciate this opportunity.

I urge the subcommittee's favorable recommendation of full fiscal year 1983 funding as authorized in the Omnibus Budget Reconciliation Act for two areas of primary interest to pharmacy education and the public we serve.

One is Health Professions Student Assistance, particularly HPSL, and the Exceptional Financial Need Scholarships, as well as other assistance programs.

And second, the Health Professions Curriculum Project Grants provided under the Public Health Service Act.

I would also reiterate what my colleague, Dr. Wells, has just said: Over 15,000 pharmacy students receive an average of $1,000 in student aid, and our students, on graduation, do not make a sufficiently high income to pay high cost interest loans.

For instance, in South Carolina, our students receive about $20,000 a year, and in their lifetime most of them earn little more than $25,000 per year.

Enrollments in colleges of pharmacy have dropped 16 percent since 1975, and the decrease in applications is even higher. Significant cuts in Federal student aid will not only deny young people a rewarding, if not high paying, health professional career, but ultimately will affect the quality and availability of pharmaceutical service to the public.

It is to the needs of the public that I wish to devote the second portion of my comments. I have supplied the subcommittee with a 65-page bibliography of pharmacy practice contributions to primary health care. It cites more than 100 examples of recent research findings and demonstration projects which document the cost effectiveness of pharmacists in promoting health and drug therapy, and in decreasing the problems patients have in using medication.

Contemporary pharmacy practice has a great deal to offer and has become more patient-oriented in service in recent years. However, this resource has only begun to be tapped.

Drug use and misuse are major factors in the health status of the elderly; about 75 percent of our elderly receive an average of 14 prescription drugs annually. Moreover, 60 to 70 percent of the elderly probably use multiple nonprescription drugs, often without the knowledge of the physician. Older people are prone to drug-related problems not only because they take multiple drugs for their acute and chronic diseases but also because they become confused by the array of medicines they must take, and see more than one prescriber at a time; self-medicate unwisely, save, reuse, and swap medications inappropriately.

In addition to the toll in human suffering caused by inappropriate use of drugs, the dollar cost is enormous. It's estimated that 3 to 5 percent of hospital medical service admissions are the result of adverse drug reactions. And the cost in health care is about $3 billion per year. The pharmacist is in a unique position to assist older people and other health providers use drugs effectively.

A prime example of a pharmacist's role in fulfilling the health needs of the elderly is exemplified in the extended care unit of the Columbia, S.C., VA Hospital, where our pharmacy practice faculty and students are monitoring drug therapy, alleviating problems as needed, and ordering essential laboratory tests in monitoring and in effect assuring optimal utilization.

The important point here is that the pharmacy is performing a vital and cost effective role in meeting the needs of the elderly.

Pharmacy education has made enormous progress in preparing our graduates to meet the health needs of the public, and much of this accomplishment has been in partnership with the Federal Government.

I urge you not to abandon that partnership entirely.

With the population of older Americans increasing rapidly and in light of the high priority placed on health professional education by the White House Conference on Aging, it would be truly irresponsible action to dedicate specific portions of these funds for geriatric education and the development of remote clinical training sites for schools of pharmacy.

Thank you for this opportunity to share our concerns and for your help.

I know that this is a good investment and I know that it will pay long and lasting dividends.

Thank you, Mr. Chairman.

Senator SCHMITT. Thank you, sir.

STATEMENT OF DR. LOUIS SULLIVAN

Dr. SULLIVAN. Chairman Schmitt, I am Louis Sullivan, president and dean of the Morehouse School of Medicine.

I am here today to testify in support of appropriations for two programs authorized under the Omnibus Budget Reconciliation Act of 1981, designed to assist 2-year institutions, such as the Morehouse School of Medicine, to accelerate their conversion to 4-year programs.

More specifically, I urge that the committee appropriate $5 million to support construction and $800,000 to assist in conversion and curriculum grants for institutions converting from 2- to 4-year schools.

Before discussing further, I would like to provide you with some background on Morehouse School of Medicine and its mission.

Our institution is the first predominantly black medical school to be established in the United States in the 20th century, an institution dedicated to training family physicians to serve primarily minorities and the poor in inner-cities and rural areas.

Since our inception in 1975 as a medical program within Morehouse College, perhaps the most renowned of the Nation's black colleges, the Morehouse School of Medicine has emerged as a 2-year medical school—similar to the way the medical schools in New Mexico developed into 4-year colleges.

Morehouse has been accredited since 1978 by the Liaison Committee on Medical Education, and 1 year ago, the school was granted authority by the Georgia Department of Education to grant the degree.

Since the completion of the 2-year program by its first class in June 1980, Morehouse has sent its graduates on to other prestigious medical schools for completion of their undergraduate medical education.

A testimony to the quality of our program is the fact that all of the students who successfully completed the 2 years at Morehouse have gone on to successfully complete their medical studies at affiliated medical schools.

And this spring, 16 members of our charter class will receive their M.D. degrees from a number of prestigious medical schools around the country.

These students have now been accepted into prestigious residency programs, also equally distributed throughout the country, for their postgraduate training.

This academic year begins our transition to a 4-year medical school, and members of our current freshman class will be the first to complete their medical education at Morehouse and receive an M.D. degree from Morehouse.

The Morehouse School of Medicine with some 10,000 students is the largest and most respected complex of black private institutions of higher learning in the world.

These significant achievements of the Morehouse School of Medicine are a result of a unique combination of Federal, State, county, city, and private resources and initiatives in the highest and best of American traditions.

The black population of America is medically underserved. Whereas 11 percent of the population is black, blacks comprise only 3 percent of the practicing physicians, and only 1.7 percent of the Nation's medical faculties.

A recent survey by the Institute of Medicine of the National Academy of Sciences, confirmed the severe deficiencies in health care delivery to blacks and other minorities, and commented upon the severe shortage of minority physicians.

The Graduate Medical Education National Advisory Committee acknowledged in its 1981 report that despite an impending surplus of physicians, there are likely to remain pockets of underserved Americans in certain geographic areas.

This committee was specific in recommending that aggressive efforts be taken to increase the number of blacks enrolled in medical schools, at the same time that the committee recommended that the total numbers of medical students be reduced.

The chairman of this committee noted that America will not fulfill its national goal of decent medical care for all of its citizens until more than 2,200 black physicians graduate every year from the Nation's schools—a figure approximately 2½ times the present numbers.

The Carnegie Council in 1976 recommended that Atlanta would be a logical place for the development of a third black medical school.

The need to assure an adequate supply of minority physicians is crucial as reductions in Federal support, including student aid, are forcing medical schools to limit the number of students accepted. Unfortunately, as competition for the available spaces increases, and as the schools are forced to take a student's financial situation into account in their admission decisions, the commitment of most medical schools to minorities will inevitably suffer.

Our institution was initiated in partnership with the Federal Government at the 1973 feasibility study supported by HEW. Over the following years Congress repeatedly affirmed its awareness of and commitment to the development of the school.

In 1976, Congress specifically recognized that the Morehouse Medical Education Program was the kind of program intended to be supported by the new legislation. Again, in 1981, in the Omnibus Budget Reconciliation Act, in the Conference Report, Morehouse School of Medicine was specifically mentioned as the school intended to be supported.

Mr. Chairman, I respectfully request the support of this committee in the construction and conversion grant as authorized.

Thank you.

QUESTIONS

Senator SCHMITT. Thank you very much.

How many nurses, physician assistants, pharmacists that you represent are trained, but not practicing?

Dr. FINCHER. Pharmacists, there are very few licensed pharmacists who do not practice, percentagewise. Now, many of our graduates work at medical centers and graduate programs and are teaching and doing research in government and industry.

Ms. JONES. Of the 1.6 million nurses that are licensed in this country, less than 24 percent are not practicing.

Senator SCHMITT. Are not?

Ms. JONES. Are not.

Senator SCHMITT. Thank you.

Mr. ROSENSTEIN. Well, physician assistants, basically 15,000 have been certified, and less than 1 percent are not practicing at this time.

Mr. GEMMELL. In public health, Mr. Chairman, it's a licensed profession. It's really hard to determine.

The studies show there is an undersupply of health professionals, of those who get their degree, 50 percent go into State service and the rest work for private volunteer agencies in health issues.

Senator SCHMITT. Dr. Sullivan?

Dr. SULLIVAN. All of our graduates have gone on to higher institutions.

Dr. WELLS. Morehouse has its first class graduating this year, and those students leave for other schools. Out of those, 24 students are taking residency training in primary care fields. The Meharry Medical School has over 70 percent of its physicians who are working in medically underserved rural areas.

Overall for physicians, more than 95 percent of physicians are in active practice.

Dr. FINCHER. The same would be true of black pharmacists. I'd like to say many of our black pharmacists are first-generation pharmacists, first-generation college graduates in the profession, actively working.

PREPARED STATEMENTS

Senator SCHMITT. Thank you. I must leave to go to another hearing. Thank you very much. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

Statement of Michael K. Gemmell

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM MICHAEL GEMMELL, EXECUTIVE DIRECTOR OF THE ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH, ON WHOSE BEHALF I AM APPEARING TODAY. THE ASSOCIATION GREATLY APPRECIATES THE OPPORTUNITY TO TESTIFY BEFORE THIS COMMITTEE ON CONTRIBUTIONS OF PUBLIC HEALTH PRACTICE TOWARDS PROMOTING HEALTH, PREVENTING DISEASE, AND CUTTING MEDICAL COSTS, AND TO PRESENT THE ASSOCIATION'S POSITION ON THE FEDERAL ROLE IN PUBLIC HEALTH PROFESSIONAL EDUCATION ASSISTANCE PROGRAMS.

PUBLIC HEALTH DEALS WITH THE PROTECTION AND IMPROVEMENT OF COMMUNITY HEALTH BY ORGANIZED COMMUNITY EFFORT. PUBLIC HEALTH ACTIVITIES ARE ESSENTIALLY A PUBLIC OR GOVERNMENT RESPONSIBILITY. THE SERVICES OF PUBLIC HEALTH AGENCIES ARE RARELY REIMBURSABLE ON A FEE-FOR-SERVICE BASIS, AS ARE PERSONAL HEALTH SERVICES. RATHER THAN TREATING SYMPTOMS OF DISEASE IN INDIVIDUALS, PUBLIC HEALTH IS CONCERNED WITH HOW A DISEASE OCCURS, ITS SPREAD THROUGHOUT A COMMUNITY, AND WAYS TO HALT THE SPREAD OF DISEASE OR PREVENT ITS OUTBREAK.

APPLICATIONS OF THE PRINCIPLES AND PRACTICE OF PUBLIC HEALTH HAVE HAD DRAMATIC RESULTS. THE NEAR ELIMINATION OF POLIO IN THE UNITED STATES AND OTHER INDUSTRIALIZED NATIONS, AND THE WORLDWIDE ERADICATION OF SMALLPOX ARE TWO RECENT EXAMPLES OF THE EFFECT OF PUBLIC HEALTH RESEARCH AND PRACTICE.

WITH THE CONTROL OF INFECTIOUS DISEASES, THE CHRONIC ILLNESSES ARE NOW OUR MAJOR CAUSES OF DEATH AND DISABILITY. HEART DISEASE, CANCER AND STROKE ARE CURRENTLY RESPONSIBLE FOR THE MAJORITY OF ALL DEATHS IN THE U.S. APPLICATION OF APPROACHES UNIQUE TO PUBLIC HEALTH, PROVEN SUCCESSFUL IN CONTROLLING INFECTIOUS DISEASES, ARE VITAL IN THE EFFORT TO LIMIT THE TOLL FROM THESE CHRONIC AILMENTS.

PRESENTLY, HOWEVER, WE ARE SPENDING BILLIONS OF DOLLARS ON TREATMENT OF CHRONIC DISEASES AND RESEARCH TO FIND CURES FOR SUCH DISEASES, WHILE AT THE SAME TIME DEVOTING LITTLE OF OUR HEALTH CARE DOLLAR TO FINDING WAYS TO PREVENT CHRONIC DISEASES. IT IS ESTIMATED THAT "TOTAL EXPENDITURES FOR PREVENTIVE SERVICES IN THE EARLY 1970S AMOUNTED TO 2 TO 2.5 PERCENT OF OUR TOTAL HEALTH CARE BILL; FOR HEALTH EDUCATION, PROBABLY LESS THAN ONE-HALF OF 1 PERCENT." (BRESLOW, SOMERS, NEW ENGLAND JOURNAL OF MEDICINE 296, MARCH 17, 1977) DESPITE THE RENEWED FOCUS ON PREVENTION BY SECRETARY SCHWEIKER, CURRENT ESTIMATES OF THE PERCENT OF OUR HEALTH CARE DOLLAR SPENT ON PREVENTION ARE AT ABOUT THE SAME LEVEL AS IN THE EARLY 1970S. THERE IS LITTLE EVIDENCE TO INDICATE ANY REAL COMMITMENT TO INCREASING

FEDERAL SUPPORT FOR PREVENTION (FOR EXAMPLE, $0 WAS APPROPRIATED FOR PREVENTIVE MEDICINE RESIDENCIES IN FY 1982), ALTHOUGH THERE IS TODAY GENERAL ACCEPTANCE OF THE CONCEPT OF DISEASE PREVENTION AND THE PROMOTION OF BETTER HEALTH AS THE MOST EFFECITVE WAY OF IMPROVING THE NATION'S HEALTH AND CONTROLLING HEALTH CARE COSTS.

NOW, MR. CHAIRMAN, I WOULD LIKE TO OUTLINE THE ROLE OF SCHOOLS OF PUBLIC HEALTH IN PROMOTING HEALTH AND PREVENTING DISEASE IN THE UNITED STATES.

I WILL SUMMARIZE MY REMARKS AND REQUEST THAT OUR COMPLETE STATEMENT (ATTACHED) BE INCORPORATED INTO THE HEARING RECORD.

FIRST, WE URGE THE SUBCOMMITTEE TO CONTINUE FEDERAL INSTITUTIONAL SUPPORT (OR CAPITATION) TO SCHOOLS OF PUBLIC HEALTH. FEDERAL FUNDS RECEIVED BY THE SCHOOLS HAVE BEEN CONSIDERED TO BE THE FEDERAL GOVERNMENT'S SHARE OF PREPARING MEN AND WOMEN TO MEET THE PUBLIC HEALTH NEEDS OF THIS COUNTRY.

THE SCHOOLS OF PUBLIC HEALTH HAVE BEEN EDUCATING PROFESSIONALS IN THE TECHNIQUES OF PUBLIC HEALTH PRACTICE, HEALTH PRESERVATION, HEALTH PROMOTION AND DISEASE PREVENTION AND CONTROL SINCE THE FIRST DECADES OF THE TWENTIETH CENTURY. TODAY THERE ARE TWENTY-TWO FULLY ACCREDITED SCHOOLS OF PUBLIC HEALTH IN THE UNITED STATES, 8 AT PRIVATE AND 14 AT PUBLIC UNIVERSITIES.

SCHOOLS OF PUBLIC HEALTH ARE DISTINCT FROM OTHER HEALTH PROFESSIONS SCHOOLS IN A NUMBER OF WAYS. THEY ARE ORIENTED TO THE COMMUNITY AND PREVENTION RATHER THAN TO THE INDIVIDUAL AND CURE. THEY TRAIN PEOPLE IN A VALUE SYSTEM THAT IS EQUALITARIAN AND PUBLIC SERVICE ORIENTED. THEY TRAIN PERSONS TO BE NEED ORIENTED RATHER THAN DEMAND ORIENTED. THEY TEACH TECHNIQUES OF NEED RESPONSE AND HOW TO VIEW THE "COMMUNITY AS A PATIENT." STUDENTS ARE PREPARED FOR COMMUNITY TEAMWORK AND ADMINISTRATION RATHER THAN PRIVATE PRACTICE. TO SOLVE COMMUNITY HEALTH PROBLEMS THE TYPICAL GRADUATE WORKS AS A MEMBER OF A TEAM IN ORGANIZED HEALTH CARE AGENCIES, IMPLEMENTS DISEASE DETECTION PROGRAMS, FOSTERS POSITIVE HEALTH BEHAVIOR AND EVALUATES EFFECTS OF HEALTH PROGRAMS.

LOCATED IN 17 STATES AND PUERTO RICO, THE 22 ACCREDITED SCHOOLS OF PUBLIC HEALTH TRAIN STUDENTS FROM EVERY STATE IN THE NATION. GRADUATES OF THE SCHOOLS OF PUBLIC HEALTH WORK PRIMARILY IN THE PUBLIC SECTOR IN THE AREAS OF HEALTH PROMOTION AND DISEASE PREVENTION. THEY REPRESENT THE BASIC RESOURCE POOL FROM WHICH FEDERAL, STATE AND LOCAL HEALTH AND ENVIRONMENTAL AGENCIES DRAW THEIR MANPOWER NEEDS. GRADUATES ALSO WORK AND TEACH IN

UNIVERSITY SETTINGS. INDUSTRY RELIES HEAVILY ON THE SCHOOLS TO TRAIN THEIR EMPLOYEES INVOLVED IN INDUSTRIAL HYGIENE, OCCUPATIONAL SAFETY AND HEALTH, ENVIRONMENTAL TOXICOLOGY, AMONG OTHERS. THE BREAKDOWN IS AS FOLLOWS: 50 PERCENT OF GRADUATES IN A SINGLE YEAR GO INTO FEDERAL, STATE OR LOCAL GOVERNMENT SERVICE, 34 PERCENT WORK FOR EITHER NON-PROFIT COMMUNITY HEALTH AGENCIES OR UNIVERSITIES AND 10 PERCENT WORK FOR INDUSTRY AND PROPRIETARY ORGANIZATIONS.

STUDENTS WHO ATTEND THE SCHOOLS ARE OFTEN MID-CAREER PROFESSIONALS WITH A PRIOR COMMITMENT TO PUBLIC SERVICE. THE AVERAGE AGE IS SLIGHTLY OVER 30. A LARGE PERCENTAGE ARE PART-TIME STUDENTS ALREADY WORKING IN THE PUBLIC SECTOR WHILE UPGRADING THEIR SKILLS. IT SHOULD BE NOTED THAT A PUBLIC HEALTH DEGREE DOES NOT INCREASE THE INCOME POTENTIAL OF THE GRADUATE AS MUCH AS OTHER HEALTH PROFESSIONS DEGREES. SCHOOLS OF PUBLIC HEALTH ARE IN THE BUSINESS OF TRAINING MEN AND WOMEN FOR PUBLIC SERVICE.

THE ADMINISTRATION PROPOSES TO END CAPITATION SUPPORT TO SCHOOLS OF PUBLIC HEALTH, BUT IT DOES PROPOSE TO PROVIDE LIMITED ($2.5 MILLION) SUPPORT FOR SPECIAL PROJECTS IN AREAS DESIGNATED AS NATIONAL PRIORITIES FOR PUBLIC HEALTH. WE SUPPORT THIS PROPOSAL BUT NOT AT THE EXPENSE OF CAPITATION. INDEED, THE SCHOOLS OF PUBLIC HEALTH NEED STABLE BASIC SUPPORT IN ORDER TO MAINTAIN A CORE FACULTY CAPABLE OF RESPONDING TO IDENTIFIED PRIORITIES.

WE ARE PUZZLED AS TO WHY THE ADMINISTRATION WANTS TO END SUPPORT TO OUR SCHOOLS IN LIGHT OF THE SECRETARY'S PRONOUNCEMENTS ABOUT MAKING HEALTH PROMOTION AND DISEASE PREVENTION A NUMBER ONE PRIORITY IN HHS.*

RECENT HHS REPORTS TO CONGRESS STATE THAT A SHORT SUPPLY OF PUBLIC HEALTH PERSONNEL EXISTS IN OUR NATION. IT IS SURPRISING AND CONFUSING, THEREFORE, FOR THE ADMINISTRATION TO PROPOSE DRASTIC REDUCTIONS IN FEDERAL SUPPORT TO SCHOOLS OF PUBLIC HEALTH. GIVEN THE PRESENT STATE OF THE ECONOMY, CERTAIN REDUCTIONS IN FEDERAL SPENDING ARE JUSTIFIED. HOWEVER, TO RECOMMEND CUTS IN PROGRAMS THAT CONTRIBUTE TO KEEPING INDIVIDUALS OUT OF THE MEDICAL CARE SYSTEM DOES NOT MAKE SENSE. COST SAVINGS IN THE HEALTH CARE SYSTEM CAN BE ACHIEVED THROUGH GREATER EMPHASIS (NOT REDUCTIONS) ON PROGRAMS THAT KEEP PEOPLE AND COMMUNITIES HEALTHY.

---

*Secretary Schweiker has made statements concerning his plans to "make wellness instead of sickness our top priority." He further stated that "health promotion and health education will likewise become the watchwords of my tenure."

THE ADMINISTRATION'S JUSTIFICATION FOR TERMINATION OF PUBLIC HEALTH SCHOOL SUPPORT IS BASED ON A SERIES OF FALSE ASSUMPTIONS. FEDERAL HEALTH PROFESSIONAL MANPOWER POLICY HAS FOCUSED ALMOST EXCLUSIVELY ON PHYSICIANS AND HAS BASED POLICY DECISIONS AFFECTING OTHER HEALTH PROFESSIONS ON CONCLUSIONS RELATING TO PHYSICIANS. FOR EXAMPLE, STUDIES HAVE SHOWN THAT THERE MAY BE A SUBSTANTIAL OVERSUPPLY OF PHYSICIANS AROUND 1990. BASED ON THIS FINDING, THE PRESIDENT'S FY 1983 BUDGET REQUEST ASSUMES AN OVERSUPPLY OF ALL HEALTH PROFESSIONALS AND CONSEQUENTLY TARGETS ITS REQUESTS FOR HEALTH PROFESSIONS EDUCATION PROGRAMS AT MINIMIZING THE FUTURE OVERSUPPLY OF PUBLIC HEALTH PROFESSIONALS. AVAILABLE EVIDENCE, HOWEVER, INDICATES AN UNDERSUPPLY OF PUBLIC HEALTH PERSONNEL.

THE ASPH STUDIES AND HHS REPORTS TO CONGRESS INDICATE THAT THE NEED FOR PUBLIC HEALTH PROFESSIONALS COULD DOUBLE AND PERHAPS TRIPLE BETWEEN 1980 and 1990. THE PROLIFERATION OF HEALTH PROGRAMS AND AGENCIES HAS INCREASED--NOT DECREASED--THE NEED FOR TRAINED PEOPLE IN A VARIETY OF PUBLIC HEALTH SPECIALTIES: ADMINISTRATION AND PLANNING, ENVIRONMENTAL AND OCCUPATIONAL HEALTH, NUTRITION AND MATERNAL AND CHILD HEALTH, BIOSTATISTICS AND EPIDEMIOLOGY, PREVENTIVE MEDICINE AND DENTISTRY, AMONG OTHERS.

BASED ON THE FACT THAT CONGRESS TERMINATED CAPITATION FOR ALL SCHOOLS OF THE HEALTH PROFESSIONS EXCEPT SCHOOLS OF PUBLIC HEALTH IN LAST YEAR'S RECONCILIATION ACT, WE BELIEVE THAT WE WERE GIVEN CLEAR SIGNALS BY CONGRESS THAT SUPPORT WOULD CONTINUE BECAUSE OF THE NATURE OF OUR NATIONAL MISSION TO PROMOTE HEALTH AND PREVENT DISEASE. THE BILL AUTHORIZED $7 MILLION FOR PUBLIC HEALTH SCHOOL CAPITATION IN FY 1983. WE URGE YOU, MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, TO APPROPRIATE $7 MILLION FOR FY 1983 INSTITUTIONAL SUPPORT TO SCHOOLS OF PUBLIC HEALTH.

WE FURTHER URGE YOU TO APPROVE $3 MILLION FOR STUDENT ASSISTANCE OR TRAINEESHIPS. OUR STUDENTS NEED TRAINEESHIPS FOR THE FOLLOWING REASONS:

- DEBT LOAD FROM PREVIOUS EDUCATION AND MODEST SALARIES FOLLOWING GRADUATION MAKES LOANS UNATTRACTIVE TO STUDENTS.

- THE RISING COST OF TUITION AND OTHER EXPENSES MAKE IT MORE DIFFICULT FOR LOW-INCOME STUDENTS TO AFFORD GRADUATE EDUCATION.

- MANY OF THE STUDENTS UNDERTAKE GRADUATE PUBLIC HEALTH EDUCATION AT MID-CAREER AND HAVE FAMILY OBLIGATIONS (AVERAGE AGE OF A STUDENT IS 30 YEARS).

- GRADUATES, UNLIKE MANY OF THE OTHER HEALTH PROFESSIONS, DO NOT ENJOY LUCRATIVE INCOMES (OF THE 1979 GRADUATES, 57 PERCENT EARN LESS THAN $19,000 PER YEAR, 17 PERCENT $19,000 TO $22,000 AND 20 PERCENT $25,000).

- INCOME FROM TUITION PAID BY STUDENTS DOES NOT FULLY COVER THE COST OF THEIR EDUCATION (APPROXIMATELY $14,000 A YEAR TO TRAIN ONE STUDENT IS A SCHOOL OF PUBLIC HEALTH).

AS EMPLOYEES OF GOVERNMENT, UNIVERSITIES AND PRIVATE, NON-PROFIT HEALTH AGENCIES, THESE GRADUATES RECEIVE MODEST SALARIES IN CONTRAST TO THE HIGH REMUNERATION RECEIVED BY MOST HEALTH PROFESSIONALS. I SHOULD ALSO ADD THAT OUR STUDENTS ARE ALSO HEAVILY DEPENDENT ON GRADUATE STUDENT LOANS IN ADDITION TO TRAINEESHIP STIPENDS, AND WE URGE SUPPORT OF THAT PROGRAM AS WELL.

FINALLY, MR. CHAIRMAN, WE URGE THE SUBCOMMITTEE TO APPROVE THE ADMINISTRATION'S REQUEST OF $1 MILLION FOR PREVENTIVE MEDICINE AND PUBLIC HEALTH RESIDENCIES. IF A CHANGE IS TO BE EFFECTED IN THE HEALTH CARE SYSTEM TO BRING ABOUT A GREATER EMPHASIS ON PREVENTION, A CHANGE MUST BE MADE IN THE ATTITUDES AND BEHAVIOR OF THE MEDICAL PROFESSION. MEDICAL STUDENTS, AND RESIDENT PHYSICIANS, ARE NOT TRAINED TO UNDERSTAND THE POTENTIAL OF PREVENTION. TO PROMOTE AN AWARENESS OF PREVENTION WITHIN THE MEDICAL PROFESSION, IT IS NECESSARY TO FOSTER INTEGRATION OF PREVENTION PRINCIPLES WITHIN FEDERAL POLICY REGARDING HEALTH MANPOWER TRAINING. THESE FUNDS WOULD DEMONSTRATE FEDERAL RECOGNITION OF THIS NEED AND POLICY CHANGE TOWARDS PREVENTION.

SUMMARY

IN SUMMARY, THE ASPH BELIEVES THAT CONTINUED FEDERAL ASSISTANCE IS ACTUALLY AN INVESTMENT AT THE FRONT END OF THE HEALTH CARE SYSTEM. THE SCHOOLS (I.E., THROUGH THEIR STUDENTS, GRADUATES, RESEARCHERS, FACULTY AND COMMUNITY SERVICE PROGRAMS) WILL NOT ONLY HELP PREVENT ILLNESS BUT WILL ALSO HELP SLOW DOWN THE RAPIDLY ESCALATING COSTS OF MEDICAL CARE. PROVIDING BASIC INSTITUTIONAL STUDENT SUPPORT IS A MEANS WHEREBY THE FEDERAL GOVERNMENT CAN SHARE THE COSTS WITH STATE AND PRIVATE INSTITUTIONS FOR THE TRAINING OF PUBLIC HEALTH PERSONNEL TO MANAGE AND OPERATE GOVERNMENTAL HEALTH PROGRAMS. PUBLIC HEALTH IS A PUBLIC RESPONSIBILITY. SCHOOLS OF PUBLIC HEALTH TRAIN PERSONNEL FOR PUBLIC SERVICE. THE FEDERAL GOVERNMENT HAS A DIRECT INTEREST IN ASSURING THAT AN ADEQUATE SUPPLY OF PUBLIC HEALTH PERSONNEL IS TRAINED

IN QUALITY INSTITUTIONS TO MANAGE AND OPERATE THE HEALTH DELIVERY SYSTEM IN THE NATIONAL INTEREST.

THANK YOU, MR. CHAIRMAN, FOR ALLOWING US THE OPPORTUNITY TO PRESENT OUR VIEWS. I WOULD BE MOST HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

Statement of Peter D. Rosenstein

Mr. Chairman and members of the committee. I am Peter D. Rosenstein, executive director of the American Academy of Physician Assistants. The Academy is the national professional society for physician assistants and I am pleased to have this opportunity to present our recommendations regarding FY 83 appropriations for PA educational program assistance.

Although FY 83 funding for PA programs is authorized at $5.5 million, the Administration has requested an appropriation of only $4.4 million. We strongly urge the committee to appropriate the full authorized amount of $5.5 million.

The FY 82 appropriation for PA programs is $4.8 million, a 40 percent reduction from each of the two prior fiscal years. The impact of a reduction of this magnitude will be felt when the grant awards are made on July 1st. From a poll taken of 54 of the 58 accredited programs currently operating, we do know, however, what the repercussions of this drastic funding decrease will be:

1. Programs which can reduce the number of faculty and staff -- while still meeting the minimum requirements for accreditation -- will do so. However, reductions in faculty will adversely affect the student-faculty ratio, which currently stands at approximately 11 to one. [The student-faculty ratio in American medical schools is currently three to one.]

2. Several institutions will consider closing PA programs after they learn the exact amount of their grant awards. Academic medical centers are concerned that reduced federal support, escalating educational costs and the lack of funds for student loans will combine to make it impossible to continue to operate PA programs. At present, the

University of South Carolina has closed its program; Western Michigan University, Howard University and the University of Florida have seriously considered closing their programs based on these reasons.

3. Some programs located in schools of allied health will be forced to merge with other allied health programs, adversely affecting the quality of physician assistant education. Those programs located in colleges of family and/or community medicine will be competing for institutional funds with programs offering the medical degree.

As the actual amounts of PA grant awards are decided, sponsoring institutions will be forced to make hard decisions regarding the future of their PA programs. Private institutions may be able to increase tuition costs, creating a situation comparable to escalating medical school costs. State institutions, because of their traditionally lower, fixed tuition fees, may be forced to close their PA programs or to decrease class size significantly. The effect for both private and public institutions of higher learning will be to slam the door on large numbers of students who cannot afford the rising costs of education. The decreased availability of student loans does nothing to alleviate this situation.

For over a decade, Congress and past Administrations -- Republican and Democratic alike -- have supported the development of the PA profession because of the potential for reducing health care costs and for providing health care in underserved areas. It is true that the original intention of the government was to stimulate the growth of PA educational programs nationwide, with the assumption that institutions receiving federal funds would eventually assume full support of these programs. However, institutional sponsors of PA programs did not envision having to provide increased support for these programs at a time when federal support for their other health education programs is also being reduced or eliminated.

It is imperative that the contributions that physician assistants have made to this nation's health care system not be lost or curtailed for lack of adequate educational programs. Health care costs can be reduced through effective use of PAs because physicians are far more expensive to train than PAs; the total differential between training a physician and a PA is $110,000. In addition, physician assistants are far less expensive to employ (average salary $20,000 in 1980) and yet research results show the majority -- up to 75 percent -- of adult and pediatric ambulatory visits for common problems and preventive care can be safely delegated to a PA.

A Social Security Administration study concluded that PA-assisted practices provided more visits per $1,000 of practice cost, at a higher quality of care, and with less charge to the patient or third party payor, than do traditional physician practices. Educating PAs to function in appropriate settings -- and yet function dependently under physician supervision -- assists the federal government in meeting its objective of decreasing costs while maintaining the delivery of quality care.

Evidence also indicates that PAs are being effectively and efficiently utilized in areas of the country where physicians and other health providers are in short supply. The Rural Health Clinic Services Act [PL 95-210], while falling short of expectations, has been one means of dispersing PAs and nurse practitioners to medically underserved areas.

Furthermore, a study sponsored by the Health Resources Administration's Division of Medicine indicates that physician assistant programs themselves, through their own deployment mechanisms, have placed over 45 percent of their graduates in towns with populations less than 5,000 and inner city areas with populations greater than 250,000. These are the areas that suffer most from the acute maldistribution of health care personnel. Clearly this is one of the most successful government efforts directed towards solving a serious problem within this nation's health care delivery system. To curtail funding for these programs at this time would do a grave disservice to the American people.

While it is true that this nation's health care system is the finest in the world, there are areas of this country where the sick and the injured must travel hundreds of miles in order to receive medical care. It is also true that the health care delivery systems in this country's inner city areas are seriously overburdened. Physician assistants have made the only significant contributions toward solving these problems.

In addition to the contributions PAs have made towards solving the problem of maldistribution, they are also beginning to make important strides in containing costs associated with health care delivery. Employment opportunities for physician assistants in the past have been primarily in the area of private practice with a physician. Today more and more PAs are employed by hospitals, extended care facilities, correctional facilities, and in occupational and industrial medicine. These new employers recognize the value of physician assistants in providing front line care while also providing the opportunity to hold down costs associated with the delivery of routine health care on a large scale.

I'm certain you are all aware of the recent report by the Graduate Medical Education National Advisory Committee which predicted a significant surplus of physicians by the year 1990. With the recent funding cutbacks for medical education imposed by this Administration, the anticipated glut will not materialize. A recent study conducted by the Johns Hopkins University Health Services Research and Development Center indicates that in the early 1970s, there was a trend among residents to enter primary care training programs. However, this trend has not continued to grow in the latter part of the decade. In fact, the report predicts that the GMENAC recommmendation to increase the number of residents entering primary care residencies will not happen spontaneously.

In fact, despite the projected glut of physicians, physician support for the PA concept continues. We enjoy the support of the American Medical Association, which participates in the accreditation of physician assistant educational programs along with the American Academy of Family Physicians, American Academy of Pediatrics, American College of Physicians, and the

American College of Surgeons. These organizations are also participants in the certification of physician assistants, along with the American Hospital Association, American Nurses Association, Association of American Medical Colleges, Federation of State Medical Boards of the United States, the National Board of Medical Examiners, and the United States Department of Defense.

The participation of these organizations in the accreditation of PA programs and the certification of graduates is clear indication that the physician assistant concept continues to enjoy the support of the organized medical community.

For these reasons, it is important that the full $5.5 million authorized for physician assistant education be appropriated. The physician assistant concept is the most innovative change to have taken place in health care delivery in the past decade. It has produced dramatic and important results in the accessibility of quality care.

Physician assistant programs have withstood a large cut in funding as a result of the reductions in FY 82 appropriations. It is likely that many programs will not be able to continue to educate these valuable health practitioners if additional cuts are made in FY 83 appropriations. Therefore, I urge you to appropriate the full authorized amount of $5.5 million for physician assistant educational programs.

STATEMENT OF DR. JULIAN H. FINCHER

On behalf of the University of South Carolina College of Pharmacy and the nation's 71 other pharmacy schools, thank you for the opportunity to present our views on federal funding of health professions education. My comments will be brief. I will rely on written materials provided for the record to give additional background. I am here to urge the Subcommittee's favorable recommendation of full FY 83 funding as authorized in the Omnibus Budget Reconciliation Act for two areas of particular interest to pharmacy education and the public we serve:

1. Health Professions Student Assistance - HPSL, Exceptional Financial Need Scholarships, as well as the other student assistance programs over which this Subcommittee has jurisdiction, and

2. Health Professions Curriculum Project Grants provided under the Public Health Service Act (Section 788 a-e).

Pharmacy students, more than 15,000 future health professionals, would lose more than $15 million in federal aid should the President's FY 83 Budget Request be approved. High interest loans (such as HEAL or GSL at current market rates) are no alternative for our students. In South Carolina, on graduation our students can expect to earn $20,000 per year. At today's salaries, most earn little more than $25,000 per year in their professional lives. The most recent DHHS study of "How Health Professions Students Finance Their Education" indicated that the median income of pharmacy student families was the lowest of all professions studied. Also, more pharmacy students (about 50%) worked during their school year than any other. They also worked more hours per week. The loss of federal loans, at reasonable interest rates, can only mean the loss of educational opportunity for large numbers of these students. Enrollment in schools of pharmacy have been declining since 1975; the number of pharmacy students has dropped 16% since that time, and the decrease in applications is even higher. Significant cuts in federal student aid will not only deny young people a rewarding - if not high paying - health professional career, but ultimately will affect the quality and availability of pharmaceutical service to the public.

It is to the needs of the public that I wish to devote the second portion of my comments. I have supplied the Subcommittee with a 65-page annotated bibliography of pharmacy practice contributions to primary health care. It cites more than a hundred examples of recent research findings and demonstration projects which document the cost effectiveness of pharmacists in promoting health and drug therapy, and in decreasing the problems patients have in using medications. Contemporary pharmacy has offered a great deal more patient-oriented service in recent years, however the pharmacist resource has only begun to be tapped fully. Let me give an illustration.

Drug use and misuse are major factors in the health status of the older population. About 75% of our elderly people receive an average of 14 prescription drugs annually. Moreover, 60% to 70% of the elderly probably use multiple nonprescription drugs, often without the knowledge of their physician. Older people are prone to drug-related problems not only because they take multiple drugs for their acute and chronic diseases but also because they become confused by the array of medicines they must take; see more than one prescriber at a time; self-medicate unwisely; save, reuse and swap medications inappropriately. In addition to the toll in human suffering caused by inappropriate use of drugs, the dollar cost is enormous. It is estimated that 3% to 5% of hospital medical service admissions are the result of adverse drug reactions. The estimated national cost of drug-induced hospitalization approaches $3 billion a year. The pharmacist is in a unique position to assist older people and other health providers use drugs effectively.

A prime example of pharmacists' role in fulfilling the health needs of the elderly is exemplified in the Extended Care Unit of the Columbia SC Veterans Administration Hospital where our pharmacy practice faculty and students are monitoring drug therapy, alleviating problems as needed and ordering essential laboratory tests to assure optimal drug utilization. This is being done in concert with other health professionals. The important point is that pharmacy is performing a vital and cost-effective role in meeting the needs of the elderly.

Pharmacy education has made enormous progress in preparing our graduates to meet the health needs of the public, and much of this accomplishment has been in partnership with the federal government. I urge you not to abandon that partnership entirely. The modest funding to be provided by the Health Profession Curriculum Project Grants, which was eliminated in the current year's continuing resolution, is a worthwhile incentive for schools to continue to respond to the nation's unmet drug-related needs, even in the face of severely constrained institutional budgets.

With the population of older Americans increasing rapidly and in light of the high priority placed on health professional education by the White House Conference on Aging, it would be truly responsible action to dedicate a specific portion of these funds for geriatric education and the development of remote clinical training sites for schools of pharmacy.

Thank you for this opportunity to share our concerns and for your help. I hope that some of what I have told you today illustrates that investment in pharmacy education will pay lasting and significant dividends.

Impact of the President's FY 83 Budget on PHARMACY STUDENT FINANCIAL AID

An estimated $15 million in federally sponsored student aid will be lost to pharmacy students, if the President's FY 83 Budget Request is approved.

- Over 22% of the nation's 20,000 pharmacy students currently receive Pell Grants. More than 1,800 of the neediest students would lose a total of $1.5 million in essential aid. In addition, an equal number of grants amounting to another $1.6 million would be terminated with the elimination of the Supplemental Educational Opportunity Program.
- Job opportunities for more than 500 students, and potential earnings of one half a million dollars, would no longer exist under the College Work Study Program.
- The reductions proposed and policy changes requested in the Guaranteed Student Loan Program would hit pharmacy students the hardest. 58% of the students in our private schools and 31% of students in publically supported institutions currently depend upon this program to finance their education. Almost $10 million might no longer be available.
- Health Professions Student Loans are currently helping 26% of our total student enrollment attend school. The federal commitment to HPSL must be continued to insure future availability of pharmacy manpower. The high interest Health Education Assistance Loan program is indeed a last resort for pharmacy students whose annual starting salaries may not exceed $20-25,000 in many areas.
- Elimination of the Exceptional Financial Need Scholarship Program will deny about 60 truly needy students the opportunity to begin a pharmacy education. The majority of students who qualify for these awards are from minority groups underrepresented in the health professions.

Further reductions in student aid programs cannot be borne by pharmacy students or their families. The most recent Department of Health & Human Services study of "How Health Professions Students Finance Their Education" indicated that:

- the median income of pharmacy student families was the lowest of all professions studied;
- more pharmacy students (about 49%) worked during their school year than any other professional students and they worked more hours per week than any professional group but public health students who are often already employed in their field.

The nation's 72 schools of pharmacy can offer little financial support to future students in the face of rapidly escalating educational costs; frozen, or more often, declining state appropriations and the loss of federal institutional assistance. The number of pharmacy school graduates has already dropped 5.4% since 1978. This trend would be greatly and quickly magnified by the drastic student aid cutbacks proposed.

To avoid the serious consequences the FY 83 Budget Proposals can have on the lives of a generation of students and pharmacy's future capacity to serve the public, we urge:

- Your support of the FY 82 Supplemental Appropriation bill, H.R. 5804, making an urgent appropriation for the Guaranteed Student Loan Program, as well as no further cuts in federal student aid programs for FY 82.
- Your support for the FY 83 student aid funding levels already approved by Congress in the Omnibus Budget Reconciliation Act.

AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY

Estimated Federally Supported Student Aid*

1981-82 Academic Year

	Total 72 Pharmacy Schools			18 Private Schools			54 Publicly Supported		
	$	1st Professional Degree Pharmacy Students		$	Students		$	Students	
	(millions)	#	% of total	(millions)	#	% of total	(millions)	#	% of total
Pell Grants	$ 4.573	4,561	22%	1.704	1,683	26%	2.869	2,878	21%
Supplement Educ. Opportunity Grants	1.621	1,967	9.6%	.944	933	14%	.677	1,034	7%
.College Work-Study	1.515	1,766	8.6%	.648	932	14%	.867	834	5%
Nat'l Direct Student Loans	1.767	1,869	9.1%	.712	825	13%	1.055	1,044	7%
Guaranteed Student Loans**	19.728	8,175	35%	9.515	3,829	58%	10.213	4,346	31%
Health Prof. Student Loans	7.732	5,374	26%	3.059	2,129	33%	4.673	3,245	23%
Health Ed. Asst. Loans**	.250	51	-	.241	49	-	.009	2	-
Exceptional Financial Need Scholarships	.505	58	-	.141	14	-	.364	44	-
TOTAL ESTIMATED FEDERAL AID	37.691			16.964			$ 20.727		

*Based on March 1982 Survey to which 44 schools responded.

**Statistics include both first professional degree and graduate students.

***Includes only loans reported by schools completing survey - HEAL has been used infrequently by pharmacy students until the current year.

1981-82 Total First Professional Degree Students = 20,468

Private School Students = 6,521
Public School Students = 13,947

STATEMENT OF DR. LOUIS W. SULLIVAN

I am Dr. Louis W. Sullivan, President and Dean of the Morehouse School of Medicine. I am here today to testify in support of appropriations for two programs authorized under the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) designed to assist two-year medical institutions, such as the Morehouse School of Medicine, accelerate their conversion to four-year programs. More specifically, I urge that the Committee appropriate $5 million to support construction and $800,000 to assist in conversion and curriculum grants for institutions converting from two- to four-year medical schools. Before discussing the justification for these programs in greater detail, it might be useful to provide you with some background on the Morehouse School of Medicine and its mission.

The Morehouse School of Medicine -- the first predominantly black medical school to be established in the United States in the 20th Century -- is an institution dedicated to training family physicians to serve primarily minorities and the poor in inner cities and rural areas of the nation. Since our inception in 1975 as a medical program within Morehouse College -- perhaps the most renowned of the nation's private historically black colleges -- the Morehouse School of Medicine has emerged as an independent two-year medical school. The School has been accredited since 1978 by the Liaison Committee on Medical Education and, on June 11, 1981, the School was granted the authority by the Georgia Department of Education to grant the degree of Doctor of Medicine.

Since completion of the two-year program by its first class in June, 1980, the School has sent its graduates on to other prestigious medical institutions for completion of their undergraduate medical education. A testimony to the quality of our program is the fact that all of the students who successfully completed the two-year program at Morehouse have gone on to successfully complete their medical studies at affiliated medical schools. This spring, 16 members of our Charter Class will receive their M.D. degrees from Emory University, Brown University, Howard University, the Medical College of Georgia, the University of Alabama at Birmingham, and Louisiana State University. They have been accepted into very prestigious hospital residency programs around the country for their postgraduate training.

This academic year begins our transition to a four-year medical school, and members of our current freshman class will be the first to complete their medical education and receive medical degrees from Morehouse itself. The Morehouse School of Medicine will soon become the seventh member institution of the Atlanta University Center which, with over 10,000 students, is the largest and most respected complex of black private institutions of higher learning in the world.

These significant achievements of the Morehouse School of Medicine are a result of a unique combination of federal, state, county, city and private resources and initiatives in the highest and best of American traditions.

You may be asking: "Why do we need to expand a new medical school at a time when many are predicting a surplus of physicians in the coming decade?" Simply put, the answer is that the black population in America is medically underserved. Whereas 11% of the population is black, blacks comprise only 3% of the practicing physicians, only 5.5% of the graduating medical students, and only 1.7% of the nation's medical school faculties. A recent study by the Institute of Medicine of the National Academy of Sciences confirmed the severe deficiencies in health care delivery to blacks and other minorities and commented on the severe shortage of minority physicians. The underrepresentation of black physicians in the medical profession represents a serious and continuing impediment to upgrading medical services for all Americans.

The Graduate Medical Education National Advisory Committee (GMENAC) acknowledged in its 1981 report that despite an impending surplus of physicians, there are likely to remain pockets of underserved Americans in certain geographic areas. GMENAC was specific in recommending that aggressive efforts be taken to increase the number of blacks enrolled in medical schools at the same time that the total number of medical students is being reduced. The Chairman of GMENAC noted that America will not fulfill its national goal of decent medical care for all of its citizens until more than 2,200 black physicians graduate every year from the nation's medical schools, a figure approximately 2 1/2 times greater than that achieved presently.

You might then ask: "Would it not be more cost-effective to apply our scarce health resources to an older, more established medical school?" The honest answer is that this has been tried and it has not succeeded. In fact, the percentage of blacks entering medical school today is actually decreasing. A number of factors make it more likely that the Morehouse School of Medicine will be better able to help reverse this trend.

The School's association with the Atlanta University Center offers advantages that cannot be obtained elsewhere. The complex offers a very fertile educational environment for minorities with orientation to the sciences. Its graduates include a substantial percentage of the black leadership in our country today. It is well documented that the odds are significantly higher that an undergraduate who attends a college associated with a medical school will attend, and complete successfully, medical school than they are for one who attends a college not so affiliated. Thus, the development of a medical school associated with the six other member institutions of the Atlanta University Center is much more likely to be successful in influencing more minority students to attend medical school and not only become practicing physicians, but also minority medical faculty and administrators who can, in turn, serve as role models for potential minority medical students.

The Report of the Carnegie Council on Policy Studies in Higher Education specifically recognized the acute need for minority medical education programs. It concluded that:

> "We believe that special consideration should be given to medical education programs that are particularly

> likely to encourage members of minority groups to train for the medical profession, in view of the extremely small proportions of minority groups among physicians. Historically, the Howard University College of Medicine and the Meharry Medical College have been the only medical schools enrolling significant numbers of black students and have played important roles in the training of black physicians. With Howard located in Washington, D.C., and Meharry in Nashville, Tennessee, Atlanta would be a logical third place for a medical education program designed to encourage the training of black physicians, and we believe that the several affiliated institutions combined in the Atlanta University Center provide a potential base for such a program."

Similarly, Dr. Alvin R. Tarlov, Professor and Chairman of the Department of Medicine at the University of Chicago and Chairman of GMENAC, urged that, in order to assure that specific programs for the underserved are advanced, every effort should be made to assist the uninterrupted progression of the Morehouse School of Medicine to a full four-year medical curriculum.

Moreover, the need to assure an adequate supply of minority physicians is crucial as reductions in federal support, including student aid, are forcing medical schools to limit the number of students accepted. Unfortunately, as competition for the available spaces increases and as the schools are forced to take a student's financial situation into account in their admission decisions, the commitment of most medical schools to minorities will inevitably suffer.

Finally, both the Emory School of Medicine and the Medical College of Georgia -- the only two fully operational medical schools in the State -- completely support the Morehouse School of Medicine. They view the School as the most viable means of achieving a goal that they have not been able to accomplish -- that of redressing the shortage of minority physicians.

I would now like to mention the role of the federal government in the development of the Morehouse School of Medicine. Our institution was initiated in partnership with the federal government. In 1973, HEW conducted a feasibility study that concluded that there was a clear need for the Morehouse School of Medicine. Over the following years, Congress repeatedly affirmed its awareness of, and commitment to, the development of the School. In

1976, Congress specifically recognized that the Morehouse Medical Education Program was the kind of program intended to be supported by the new health manpower programs. In 1981, Congress maintained its commitment by providing authorization for construction, conversion and curriculum programs. Indeed, Congress, in the Conference Report accompanying P.L. 97-35 (H.R. Rep. No. 97-208), specifically mentioned the Morehouse School of Medicine as the type of school that it intended to assist in providing these new authorities.

Under the conversion and curriculum grant program (Section 788(a)(1)-(3) of the Public Health Service Act), funds are made available to institutions converting from two- to four-year medical schools according to a formula equaling the product of $25,000 times the number of third-year students estimated to be enrolled full-time at the institution in the school year beginning in the fiscal year in which the agreement is made. These funds are crucial to enabling the Morehouse School of Medicine, during its transition period, to maintain its accreditation and to expand its curriculum and faculty to be able to offer the broad range of courses appropriate and necessary for the third and fourth years of medical school.

As to the $5 million in construction funds (Sections 720(a)(3) and (b) and Section 721(b)(1) of the Public Health Service Act), this program is authorized only for FY 1983. These funds are essential so that the School can improve its facilities to accommodate the third and fourth year programs. Currently, the Medical School is in the process of moving into its new Basic Medical Sciences Building, which will be the core unit of our physical facilities. The construction funds we are seeking will be used to expand this building which, incidentally, was completed ahead of schedule and within budget. Without this expansion, we will not be able to accommodate the increased faculty necessary to maintain our accreditation. Simply put, without this expansion, the mission of the Morehouse School of Medicine will be severely jeopardized.

I also would note that a wide range of non-federal sources have made commitments to the development of the Morehouse School of Medicine. Those entities that have provided financial support to the School for its programmatic and operational development include the Georgia State Legislature, local county and city governments, and a number of private sector foundations and corporations both in Georgia and elsewhere.

In sum, I urge you, members of the Senate Appropriations Committee, to appropriate the funds so important to the ability of the Morehouse School of Medicine to carry out its mission to help eliminate the shortage of black and other minority physicians and the lack of health services in this nation's inner city and rural areas. I emphasize that I ask this not as a handout, but as a way of promoting a cost-effective partnership between the Federal government and those in the state, local and private sectors, who are willing to commit their support for the advancement of minority health care in America today.

Statement of Dr. Patrick R. Wells

I am here today to express the views of the Association of Minority Health Professions Schools regarding the impact of the President's fiscal year 1983 budget request.

Our concern is for the vast majority of minority students and their growing inability to finance medical and health professions education.

The purpose of our Association is to advance the educational goals of its member institutions, and to increase the number of black and other minority health professionals in the nation for our underserved minority and low income communities.

Our task, like yours, has recently become increasingly difficult.

The Association represents (with the exception of Howard University) all of the predominantely black health professions schools in the United States.

From the schools of the Association have graduated more than 40% of the Nation's black physicians and dentists, 90% of the nation's black veterinarians and 50% of the nation's black pharmacists. The members of the Association are indeed National institutions which are serving a vital national need. Our institutions also provide leadership to the nation's other health professions schools in the development of programs and techniques for increasing the number of black health professionals.

Much has been accomplished by the schools of the association in spite of very limited financial resources over the years. However, much more needs to be done. Although blacks represent 12% of the nation's population, blacks still comprise less than 3% of the nation's physicians, less than 2% of the nation's dentists, less than 2% of the nation's pharmacists and less than 1% of the nation's veterinarians.

There is no surplus of minority health professionals. Indeed, there remains a critical shortage of minority health professionals in the nation. The effects of this shortage are becoming more and more apparent. A recent study by the Institute of Medicine showed that, in spite of significantly higher incidences of neonatal and infant mortality, maternal mortality, hypertension, cancer, diabetes and other diseases, blacks still see private

PHYSICIANS AND DENTISTS LESS OFTEN THAN WHITES, AND HAVE FEWER, AND INFERIOR HEALTH CARE FACILITIES, INCLUDING HOSPITALS, NURSING HOMES, AND OTHER FACILITIES AVAILABLE TO THEM, THAN WHITES.

THE NEED FOR THE INSTITUTIONS OF THE ASSOCIATION IS INDEED WELL-DOCUMENTED. NEVERTHELESS, WE FIND OUR INSTITUTIONS, AND THE GOAL OF INCREASING THE NUMBER OF BLACK AND OTHER MINORITY HEALTH PROFESSIONALS THREATENED AND THWARTED BY INSUFFICIENT FINANCIAL RESOURCES FOR OUR STUDENTS AND FOR OUR INSTITUTIONS.

IN BRINGING THESE FACTS TO THE ATTENTION OF THIS COMMITTEE, WE SEEK YOUR HELP AND GUIDANCE, IN OUR EFFORTS TO OBTAIN ADEQUATE FUNDS FOR OUR INSTITUTIONS, OUR STUDENTS, AND FOR NATIONAL PROGRAMS TO INCREASE THE NUMBER OF MINORITY HEALTH PROFESSIONALS.

STUDENT FINANCIAL AID

STUDENTS IN OUR INSTITUTIONS ARE DEDICATED AND TALENTED YOUNG PEOPLE FROM DIVERSE BACKGROUNDS. HOWEVER, MOST ARE FROM FAMILIES WHOSE ANNUAL INCOME IS LESS THAN $15,000. AS A RESULT, MORE THAN 90% OF OUR STUDENTS REQUIRE SOME FORM OF FINANCIAL AID, IF THEY ARE TO BECOME THE HEALTH PROFESSIONALS SO NEEDED BY THE NATION. AS IS THE CASE WITH ALL STUDENTS IN HIGHER EDUCATION MOST OF THE FINANCIAL AID AVAILABLE TO MINORITY HEALTH PROFESSIONS STUDENTS HAS BEEN FROM FEDERAL SOURCES, INCLUDING HEALTH PROFESSIONS STUDENT LOANS (HPSL), NATIONAL DIRECT STUDENT LOANS (NDSL), EXCEPTIONAL FINANCIAL NEED SCHOLARSHIPS (EFN), AND GUARANTEED STUDENT LOANS (GSL).

IN ADDITION, A HIGH PERCENTAGE OF STUDENTS IN OUR INSTITUTIONS UNTIL RECENTLY RECEIVED NATIONAL HEALTH SERVICES CORPS SCHOLARSHIPS (NHSC), WHICH PROVIDED SUPPORT FOR THEIR EDUCATION IN RETURN FOR THEIR SUBSEQUENT SERVICE IN A MEDICALLY-UNDERSERVED AREA AFTER COMPLETION OF THEIR TRAINING. BECAUSE OF A SEVERE REDUCTION IN FUNDS APPROPRIATED FOR THIS PROGRAM, NO NEW NHSC AWARDS ARE BEING MADE. THE ADMINISTRATION HAS PROPOSED A FURTHER ELIMINATION OF $25.0 MILLION IN FY 1983, LEAVING ONLY $11.0 MILLION FOR NHSC SCHOLARSHIPS. WE DO NOT HAVE THE RESOURCES TO MAKE UP FOR THIS SUDDEN LOSS OF FUNDS FOR OUR STUDENTS. THEREFORE, LIKE OTHER HEALTH PROFESSIONS SCHOOLS (IN SPITE OF THE GREAT NEED FOR MORE BLACK HEALTH PROFESSIONALS), WE ARE FACING THE REAL POSSIBILITY THAT FOR THE FIRST TIME IN THE PAST 30 YEARS OR MORE, WE MAY WITNESS THE ACTUAL WITHDRAWAL OF BLACK STUDENTS ALREADY ENROLLED

IN MEDICAL, DENTAL, VETERINARY AND PHARMACY SCHOOLS, BECAUSE OF THE LACK OF FINANCIAL SUPPORT. THIS WOULD REPRESENT A PERSONAL CAREER CATASTROPHE FOR THE AFFECTED STUDENTS, A THWARTING OF OUR INSTITUTIONS' MISSIONS TO TRAIN MORE BLACK HEALTH PROFESSIONALS, A LOSS OF THE INVESTMENT MADE BY THEIR HEALTH PROFESSIONS PROGRAMS AND BY OUR HEALTH PROFESSIONS SCHOOLS, A DISASTER FOR THE NATION, AND THE DENIAL OF OUR NATION'S COMMITMENT TO EQUAL ACCESS IN EDUCATION FOR ITS CITIZENS.

MR. CHAIRMAN, AS A NATIONAL CONSORTIUM, WE ARE WITNESSING WITH GREAT CONCERN AND STRESS THE INCREASING NUMBER OF LOW AND MIDDLE INCOME STUDENTS WHO CANNOT AFFORD A HEALTH SCIENCES EDUCATION. WE HAVE HISTORICALLY SOUGHT OUT AND ENCOURAGED BRIGHT YOUNG PEOPLE TO DEVELOP THEIR TALENTS AND TO ACQUIRE NEEDED SKILLS. THESE SKILLS ARE BEING USED TO IMPROVE THE QUALITY OF LIFE FOR ALL AMERICANS. YET, THE ECONOMICS OF THE 1980S COULD FORCE OUR INSTITUTIONS TO SEEK ONLY THOSE STUDENTS WHO COULD AFFORD TO PAY FROM THEIR OWN RESOURCES FOR GRADUATE AND PROFESSIONAL EDUCATION. THEREFORE, WE SUPPORT A STUDENT FINANCIAL ASSISTANCE PROGRAM THAT WOULD MAINTAIN THE DEMOCRATIC CONCEPT OF CHOICE.

HEALTH PROFESSIONS EDUCATION

IT IS CLEAR THAT FEDERAL SUPPORT IS ESSENTIAL TO MAINTAINING ADEQUATE HEALTH PROFESSIONS EDUCATION. THE REDUCTIONS IN FEDERAL SUPPORT FOR STUDENT ASSISTANCE AND MANPOWER TRAINING PROGRAMS WILL HAVE A GRAVE IMPACT ON THE AVAILABILITY AND THE QUALITY OF HEALTH CARE IN OUR UNDERSERVED COMMUNITEES. INADEQUATE FUNDING WILL EXACERBATE SHORTAGES OF MINORITIES IN THE HEALTH PROFESSIONS AND CONTRIBUTE TO INCREASED MALDISTRIBUTION OF MINORITIES IN THE HEALTH PROFESSIONS.

IN FY83, THE ADMINISTRATION PROPOSES A 25 PERCENT REDUCTION IN FUNDING FOR HEALTH PROFESSIONS EDUCATIONAL ACTIVITIES SUPPORTED BY THE HEALTH RESOURCES ADMINISTRATION. THIS IS IN ADDITION TO THE 33 PERCENT REDUCTION ENACTED LAST YEAR.

RURAL AND INNER-CITY AMERICANS ARE CURRENTLY SUFFERING FROM PROBLEMS WITH PHYSICIAN LOCATION. STUDIES SHOW THAT THIS LACK OF ACCESSIBILITY TO HEALTH SERVICES IS DUE, IN PART, TO SHORTAGES IN MINORITY HEALTH PROFESSIONALS; SHORTAGES THAT WILL ONLY BECOME WORSE IF SUPPORT FOR OUR INSTITUTIONS AND THEIR TRAINING PROGRAMS IS WITHDRAWN NOW.

GUARANTEED STUDENT LOANS (GSL)

WE ARE SERIOUSLY CONCERNED OVER THE ADMINISTRATION'S PROPOSAL TO TERMINATE ELIGIBILITY FOR GRADUATE AND PROFESSIONAL STUDENTS FOR THE GSL PROGRAM AND ELIMINATE ALL NEW FUNDING FOR THE NATIONAL DIRECT STUDENT LOAN (NDSL) PROGRAM. THE ADMINISTRATION HAS ALSO RECOMMENDED THAT FUNDING IN FY83 FOR THE HEALTH PROFESSIONS STUDENT LOAN (HPSL) PROGRAM AND THE EXCEPTIONAL FINANCIAL NEED SCHOLARSHIP (EFN) PROGRAM WHICH WERE REDUCED 60 PERCENT IN FY82 BE COMPLETELY ELIMINATED. IF APPROVED BY CONGRESS, THESE ACTIONS WILL DEVASTATE BOTH THE ABILITY OF STUDENTS TO BORROW AND THE EFFORTS OF THE HEALTH PROFESSIONS SCHOOLS TO ADMIT STUDENTS FROM MINORITY AND DISADVANTAGED BACKGROUNDS.

THE COST TO THE STUDENT FOR A MEDICAL EDUCATION IS QUITE SIGNIFICANT. DURING THE 1981-82 ACADEMIC YEAR THE AVERAGE TOTAL COST IN THE U.S. FOR FIRST-YEAR STUDENTS INCLUDING TUITION, FEES AND ALL OTHER EXPENSES RANGED FROM APPROXIMATELY $8,700 FOR STATE RESIDENTS AT PUBLIC SCHOOLS TO OVER $15,900 AT PRIVATE SCHOOLS. IF STUDENTS ARE TO MAINTAIN RESPONSIBILITY FOR FINANCING THEIR OWN EDUCATION, THEY MUST EITHER MEET THESE COSTS DIRECTLY, OR AS 75 PERCENT NOW DO, BORROW THE FUNDS AND ASSUME AN AVERAGE DEBT BURDEN WHICH FOR THE 75 PERCENT OF 1981 GRADUATES, WITH DEBT, WAS JUST UNDER $20,000.

THE GSL IS THE MAJOR LOAN RESOURCE AVAILABLE TO MEDICAL STUDENTS. IT PROVIDES THE MAJORITY OF ALL LOAN MONIES AND ACCOUNTS FOR NEARLY ONE-HALF OF ALL FINANCIAL ASSISTANCE FOR MEDICAL STUDENTS. LAST YEAR, THE AVERAGE LOAN TO MEDICAL STUDENTS WHO BORROWED FROM THE GSL PROGRAM WAS $4,500.

IF THE GSL, NDSL, AND HPSL PROGRAMS ARE ELIMINATED, THERE IS SIMPLY NO EXISTING AND VIABLE ALTERNATIVE AVAILABLE FOR MINORITY STUDENTS.

FOR OUR SCHOOLS, AND OUR STUDENTS THE HEALTH EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM IS INADEQUATE DUE TO INSUFFICENT ACTIVE LENDERS, AND THE INTEREST RATES ARE EXCESSIVE, CAUSING THE PAYBACK ON LOANS TO BE A HORRENDOUS BURDEN ON OUR STUDENTS. THE HEAL PROGRAM WILL WORK AGAINST OUR MISSION TO PLACE HEALTH PROFESSIONALS IN UNDERSERVED RURAL AND INNER-CITY AREAS. WE FEAR THAT OUR STUDENTS WITH HIGH DEBT BURDENS WILL SEEK OUT HIGH INCOME AREAS INSTEAD.

THE PROGRAM OF AUXILIARY LOANS TO ASSIST STUDENTS (ALAS), WHICH THE ADMINISTRATION HAS PROPOSED AS AN ALTERNATIVE TO THE GSL PROGRAM, IS UNSATISFACTORY DUE TO LIMITED STATE PARTICIPATION, QUESTIONABLE LENDER INTEREST, INADEQUATE BORROWING LIMITS AND THE REQUIREMENT OF REPAYMENT OF INTEREST WHILE STUDENTS ARE STILL IN SCHOOL. EVEN IF THE SUGGESTION TO INCREASE THE MAXIMUM LOAN TO $40,000 PER STUDENT WERE ACCEPTED, THE ALAS PROGRAM WILL NOT SERVE AS A FEASIBLE SOURCE OF FUNDS FOR OUR STUDENTS.

STUDENTS WHO BORROWED THE MAXIMUM AMOUNT OF $40,000 FOR THEIR MEDICAL EDUCATION, WOULD FACE MONTHLY PAYMENTS OF $621 IN THEIR YEAR OF RESIDENCY. THESE LOAN PAYMENTS WOULD COME AT A TIME WHEN YOUNG BLACK PHYSICIANS WERE INITIATING THEIR CAREERS AFTER EIGHT TO TWELVE YEARS OF TRAINING. THESE PAYMENTS WOULD BE ADDED TO OTHER FINANCIAL OBLIGATIONS INCLUDING ESTABLISHING MEDICAL PRACTICE, OBTAINING HOME MORTGAGES AND STARTING FAMILIES. SUCH FINANCIAL OBLIGATIONS WOULD BE LIKELY TO DETER GRADUATES FROM ESTABLISHING CAREERS IN PRIMARY-CARE MEDICINE, CAREERS WHICH HISTORICALLY HAVE PROVIDED LOWER INCOME THAN TECHNOLOGY BASED SPECIALTIES.

SUMMARY ON STUDENT ASSISTANCE

IN SUMMARY, THE ADMINISTRATION'S FY83 BUDGET PROPOSALS WOULD ALMOST COMPLETELY HALT STUDENT FUNDING FOR MEDICAL EDUCATION. SINCE NO VIABLE ALTERNATIVES TO GSL AND NDSL WOULD BE AVAILABLE, LOW AND MIDDLE INCOME AND UNDERREPRESENTED MINORITY STUDENTS WOULD BE VIRTUALLY PRECLUDED FROM PURSUING MEDICAL CAREERS. A SIGNIFICANT NUMBER OF STUDENTS WOULD BE FORCED TO TERMINATE THEIR STUDIES.

- THE CHARACTERISTICS OF MEDICAL STUDENTS AND THE PRACTICING PHYSICIANS OF THE FUTURE WOULD BE ALTERED BY CAUSING A SHIFT FROM THOSE WHO ARE THE MOST ACADEMICALLY QUALIFIED TO THOSE WHO ARE THE MOST ECONOMICALLY ABLE TO PAY THE COST OF MEDICAL EDUCATION.
- MANY STUDENTS WOULD BE COMPELLED TO ENTER HIGHER PAYING SPECIALTIES, NORMALLY LOCATED IN LARGE URBAN AREAS, SO THAT THEY CAN AFFORD THE PAYMENTS ON THEIR LOANS.
- THUS, INITIATIVES TO INCREASE THE NUMBER OF PRIMARY CARE PHYSICIANS IN UNDERSERVED AREAS WOULD BE SERIOUSLY IMPAIRED.

MINORITY STUDENTS FROM LOW AND MIDDLE INCOME FAMILIES NEED YOUR HELP NOW.

WE SEEK THE HELP OF THIS COMMITTEE IN ADDRESSING THESE ISSUES, SPECIFICALLY, WE RECOMMEND THAT STEPS BE UNDERTAKEN TO INSURE THE FOLLOWING:

1. CONTINUED PARTICIPATION OF BLACK AND OTHER MINORITY HEALTH PROFESSIONS STUDENTS IN THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM;
2. CONTINUATION OF THE SCHOLARSHIP PROGRAM FOR HEALTH PROFESSIONS STUDENTS OF EXCEPTIONAL FINANCIAL NEED;
3. CONTINUATION OF FEDERAL SUPPORT FOR THE NATIONAL DIRECT STUDENT LOAN PROGRAM;
4. CONTINUATION OF ELIGIBILITY FOR LOW-INCOME AND MINORITY HEALTH PROFESSIONS STUDENTS TO PARTICIPATE IN THE GUARANTEED STUDENT LOAN PROGRAM;
5. THE DEVELOPMENT AND EXPANSION OF INSTITUTIONALLY-BASED STUDENT FINANCIAL AID PROGRAMS (SCHOLARSHIPS, LOW-INTEREST LOANS, WORK-STUDY AND OTHERS) FROM FEDERAL AND NON-FEDERAL SOURCES FOR HEALTH PROFESSIONS SCHOOLS IN WHOM 50% OR MORE OF THE STUDENTS ARE FROM FAMILIES WITH AN AVERAGE ANNUAL INCOME OF $20,000 OR LESS. WE PROPOSE THAT SUCH PROGRAMS BE DEVELOPED SO THAT THE LEVEL OF INSTITUTIONAL SUPPORT PROVIDED IS BASED UPON THE PERFORMANCE OF THE INSTITUTION IN ENROLLING AND GRADUATING LOW-INCOME AND MINORITY STUDENTS DURING THE PRECEDING THREE YEARS.

RELIANCE UPON EXPENSIVE STUDENT AID PROGRAMS WOULD EFFECTIVELY PRECLUDE ALMOST ALL BLACK AND OTHER MINORITY STUDENTS FROM A HEALTH PROFESSIONS CAREER, IN SPITE OF TALENT, DEDICATION AND COMMITMENT.

THE HEALTH PROFESSIONS STUDENT LOAN PROGRAM IS ONE OF THE LAST REMAINING SOURCES OF LOW INTEREST (9%) LOANS FOR HEALTH PROFESSIONALS STUDENTS. THE ADMINISTRATION'S FY83 REQUEST FOR ZERO FUNDING FOR THIS PROGRAM IGNORES THE INFLATIONARY EFFECT ON THE HEALTH CARE SYSTEM OF THE ENORMOUS DEBTS WHICH HEALTH PROFESSIONS STUDENTS ARE INCURRING. ESPECIALLY HARD HIT WOULD BE NEWER SCHOOLS WHICH DO NOT HAVE SUBSTANTIAL EQUITY IN REVOLVING FUNDS.

THE FINANCIAL DISTRESS GRANT PROGRAM HAS BEEN, AND CONTINUES TO BE CRUCIAL TO THE SURVIVAL OF THE MEHARRY MEDICAL COLLEGE, THE TUSKEGEE SCHOOL OF VETERINARY MEDICINE AND THE XAVIER COLLEGE OF PHARMACY. IN THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981, THE FINANCIAL DISTRESS GRANT PROGRAM WAS REAUTHORIZED. BASED UPON THIS NEW AUTHORITY, NEGOTIATIONS WERE COMPLETED WITH THE SECRETARY, DHHS FOR CONTINUATION OF THIS PROGRAM. WE REQUEST THE APPROPRIATION OF $7.5 MILLION IN FY 83, WHICH IS REQUIRED TO IMPLEMENT THE FINANCIAL DISTRESS AGREEMENTS NEGOTIATED WITH THE SECRETARY. THE STEADY EROSION OF SUPPORT FOR THIS PORGRAM HAS HAMPERED THE ABILITY OF THESE HEALTH PROFESSIONS SCHOOLS TO ACHIEVE NEEDED FISCAL VIABILITY, ADMINISTRATIVE REFORMS AND FACULTY DEVELOPMENT.

CONSTRUCTION AND CONVERSION

FUNDS FOR CONSTRUCTION OF FACILITIES

AS A NEW MEDICAL SCHOOL, THE MOREHOUSE SCHOOL OF MEDICINE HAS A GREAT NEED FOR ADDITIONAL PHYSICAL FACILITIES. THE CONGRESS, IN ITS RE-AUTHORIZATION OF THE HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE ACT OF 1981 (THE HEALTH MANPOWER BILL) AUTHORIZED THE APPROPRIATION OF $5.0 MILLION IN THE FY83 BUDGET FOR THE CONSTRUCTION OF FACILITIES AT TWO-YEAR MEDICAL SCHOOLS WITH A HIGH PERCENTAGE OF MINORITY STUDENTS, TO ASSIST THEM IN BECOMING FOUR-YEAR MEDICAL SCHOOLS, HOWEVER, IN SPITE OF THIS EXPRESSION OF CONGRESSIONAL INTENT, THE ADMINISTRATION DID NOT INCLUDE THIS $5.0 MILLION APPROPRIATION IN ITS FY83 BUDGET RECOMMENDATION. WE REQUEST THIS COMMITTEE TO ASSIST THE ASSOCIATION OF MINORITY PROFESSIONS SCHOOLS IN THE EFFORT TO SEE THAT THE $5.0 MILLION CONSTRUCTION GRANT FOR THE MOREHOUSE SCHOOL OF MEDICINE, AUTHORIZED FOR FY83, IS APPROPRIATED.

FUNDS FOR CONVERSION PROJECTS

THE CONGRESS, IN THE HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE ACT OF 1981, ALSO PROVIDED AUTHORIZATION FOR CONVERSION GRANTS TO PROVIDE PROGRAM SUPPORT FOR THE CONVERSION OF TWO-YEAR TO FOUR-YEAR MEDICAL SCHOOLS. THE HOUSE OF REPRESENTATIVES APPROPRIATED $800,000 FOR A CONVERSION GRANT, HOWEVER, BECAUSE OF THE FAILURE OF CONGRESS TO PASS A REGULAR APPROPRIATION BILL FOR FY82, THESE FUNDS HAVE NOT BEEN MADE AVAILABLE TO MOREHOUSE. A REQUIREMENT FOR CONTINUED ACCREDITATION OF THE MOREHOUSE SCHOOL OF MEDICINE IS ITS TIMELY CONVERSION TO A FULL, DEGREE-GRANTING INSTITUTION.

WE URGE THE APPROPRIATION OF $300,000 BY THE CONGRESS IN THE FY83 BUDGET FOR THE CONVERSION GRANT PROGRAM.

FUNDS FOR A STUDY OF THE STATUS AND THE NEED FOR BLACK HEALTH PROFESSIONALS. WITH THE PUBLICATION OF THE REPORT OF THE GRADUATE MEDICAL EDUCATION NATIONAL ADVISORY COMMITTEE (GMENAC), SUBMITTED TO THE SECRETARY OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES IN SEPTEMBER, 1980, THERE HAS DEVELOPED A NATIONAL BELIEF THAT BY 1990, THE UNITED STATES WILL HAVE A SURPLUS OF SOME 70,000 PHYSICIANS. ALTHOUGH THIS CONCLUSION IS UNDER ACTIVE NATIONAL DEBATE, THERE IS NO DEBATE ABOUT THE SEVERE SHORTAGE OF BLACK AND OTHER MINORITY HEALTH PROFESSIONALS. INDEED, THE GMENAC REPORT CITES THE NEED FOR MORE MINORITY PHYSICIANS. HOWEVER, BECAUSE OF THE INADEQUATE DESCRIPTION AND DOCUMENTATION OF THIS NEED, THIS PHRASE IN THE GMENAC REPORT HAS BEEN LARGELY OVERLOOKED.

THUS, IN THEIR EFFORTS TO SECURE FUNDS FOR THEIR INSTITUTIONS FROM PRIVATE, STATE AND EVEN FEDERAL AGENCIES, MEMBERS OF THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS HAVE BEEN CHALLENGED TO PROVE THAT THEY ARE NEEDED AND ARE A PRUDENT INVESTMENT OF SCARCE PUBLIC AND PRIVATE RESOURCES. WE THEREFORE, BELIEVE THAT A THOROUGH REVIEW OF BLACK AND OTHER MINORITY HEALTH PROFESSIONALS IS NEEDED. THIS SHOULD INCLUDE DATA ON THEIR NUMBER, GEOGRAPHIC DISTRIBUTION, TYPE OF PRACTICE (BY SPECIALITY, BY INCOME, ETHNIC MIX OF THEIR PATIENTS AND THEIR COMMUNITIES), AGE PROFILE AND OTHER FACTORS.

WE URGE THE SUPPORT OF THIS COMMITTEE FOR FUNDS TO SUPPORT A THROUGH STUDY BY AN INDEPENDENT AGENCY OF THE NEED FOR AND THE NUMBER, GEOGRAPHIC DISTRIBUTION, SPECIALITY DISTRIBUTION, PRACTICE PATTERN, PRACTICE PROFILE AND AGE PROFILE OF BLACK AND OTHER MINORITY PHYSICIANS IN THE UNITED STATES.

HEALTH MANPOWER SHORTAGES IN POOR AND DISADVANTAGED COMMUNITIES HAVE CONTRIBUTED TO AN ARRAY OF SERIOUS HEALTH PROBLEMS IN OUR RURAL AND INNER CITY COMMUNITIES, INCLUDING: A SHORTENED LIFE EXPECTANCY FOR BLACKS WHICH IS SOME 6-3 YEARS LESS THAN FOR WHITES; AN ALMOST TWO-FOLD GREATER INFANT MORTALITY RATE AMONG BLACKS; A TWO-FOLD GREATER INCIDENCE OF HIGH BLOOD PRESSURE; AND MANY OTHER BRUTAL STATISTICS.

THE INSTITUTIONS OF THE ASSOCIATION ARE WORKING DILIGENTLY TO SUPPLY NEEDED HEALTH MANPOWER FOR OUR NATION'S POOR AND DISADVANTAGED CITIZENS.

WE THEREFORE PROPOSE THAT INCENTIVE GRANTS BE GIVEN TO HEALTH PROFESSIONS SCHOOLS WHICH RESPOND SPECIFICALLY TO THESE IDENTIFIED NATIONAL PRIORITY NEEDS.

MINORITY BIOMEDICAL RESEARCH SUPPORT PROGRAM

THE MINORITY BIOMEDICAL RESEARCH SUPPORT PROGRAM WAS ESTABLISHED IN 1972 TO INCREASE THE NUMBERS OF MINORITY BIOMEDICAL RESEARCH SCIENTISTS. THIS MISSION IS BEING CARRIED OUT BY STRENGTHENING THE RESEARCH AND RESEARCH TRAINING CAPABILITIES OF THOSE INSTITUTIONS THAT HAVE THE HEAVIEST INVOLVEMENT IN THE EDUCATION AND TRAINING OF MINORITIES. ALTHOUGH ETHNIC MINORITY GROUPS COMPRISED ABOUT 18 PERCENT OF THIS COUNTRY'S TOTAL POPULATION, PRIOR TO THE ESTABLISHMENT OF THE MBS PROGRAM, THEY MADE UP LESS THAN 5 PERCENT OF THE SCIENCE AND ENGINEERING WORKFORCE. THE NUMBERS OF MINORITY SCIENTISTS IN THE BIOMEDICAL SCIENCES WERE SO SMALL THAT IT WAS DIFFICULT TO EVEN ESTIMATE THEIR NUMBERS. A ROUGH ESTIMATE OF FEWER THAN 1,000 MINORITY PH.D. SCIENTISTS IN THE NATURAL SCIENCES EXISTED IN 1971. THE MBS PROGRAM WAS, THEREFORE, ESTABLISHED IN RESPONSE TO THIS DEARTH OF MINORITY SCIENTISTS AVAILABLE IN THE TALENT POOL NECESSARY FOR THE NATIONAL INSTITUTES OF HEALTH RESEARCH EFFORT. THE ASSOCIATION SUPPORTS THIS PROGRAM AT ITS CURRENT RATE OF $18.5 MILLION.

DISADVANTAGED ASSISTANCE PROGRAM

DUE IN LARGE PART TO THE EXISTENCE OF THE DISADVANTAGED ASSISTANCE PROGRAM, WHICH PROVIDES SUPPORT FOR MINORITY STUDENTS SEEKING HEALTH PROFESSIONAL CAREERS, REPRESENTATION OF SUCH STUDENTS HAS INCREASED DRAMATICALLY IN RECENT YEARS IN SCHOOLS OF THE HEALTH PROFESSIONS. THE COUNSELING, REMEDIAL, AND OTHER ADAPTIVE SERVICES PROVIDED UNDER THIS SECTION ARE CRUCIAL TO ATTRACTING AND RETAINING DISADVANTAGED STUDENTS. THE PRESIDENT'S FY83 REQUEST OF $17.2 MILLION WOULD PERMIT THE CONTINUATION OF 106 PROJECTS AND THE ADDITION OF 10 NEW ONES. THE ASSOCIATION SUPPORTS THIS LEVEL OF FUNDING AS A MINIMUM.

MR CHAIRMAN, THE ASSOCIATION IS PAINFULLY AWARE OF THE LIMITED FINANCIAL RESOURCES AVAILABLE FOR EDUCATION AND TRAINING

PROGRAMS. WE ARE AWARE OF THE TREMENDOUS BURDENS BORNE BY THIS COMMITTEE AS YOU WRESTLE WITH THE DIFFICULT DECISION MAKING PROCESS, AND THE PRIORITIES FOR THE EDUCATION AND TRAINING OF YOUNG PEOPLE WHO WISH TO BECOME HEALTH CARE PROVIDERS. WE HOPE YOU WILL FIND A WAY TO ASSURE EQUITABLE ACCESS, AND TO ASSURE OUR ADEQUATE SUPPLY OF EDUCATED AND TRAINED BLACK HEALTH PROFESSIONALS FOR THIS NATION.

THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS ARE COUNTING ON YOUR LEADERSHIP, AND TO WORKING WITH YOU IN THIS AWESOME, BUT ESSENTIAL NATIONAL TASK.

THANK YOU.

STATEMENT OF DR. BARBARA NICHOLS, PRESIDENT, AMERICAN NURSES ASSOCIATION

Mr. Chairman, I am Barbara Nichols, President of the American Nurses' Association -- the professional organization which represents this nation's registered nurses who make up the largest single category of professional health care providers.

We appreciate the opportunity to present our views on the President's fiscal year 1983 budget requests for the Health Resources Administration.

Mr. Chairman, let me say at the start that we appreciate the difficulty of the task that is before you and your committee. We understand the difficult choices that you have been forced to make over the past year and those that are before you this year.

Although we remain concerned about the fiscal year 1982 funding cuts and their impact on health services, we believe you and your committee have worked in good faith and have acted in a responsible manner -- helping to preserve important programs once threatened with virtual elimination.

We are here to comment on the programs administered by the Health Resources Administration. However, as the largest group of professional health care providers responsible for providing direct care to patients in every health care setting, we are very concerned about all the Administration's recommendations which would make additional reductions in health programs that were cut significantly last year.

We believe that each individual should have access to essential health services. We also believe that an investment in the health of the people is a sound investment for the nation. While the sole responsibility does not lie with the federal government, federal programs provide health services to segments of our society that historically have not received adequate assistance from other sources.

Access to health care is limited when public health service programs are cut back. This approach will not save money in the long-run since many high risk populations are served by these programs. If they are deprived of adequate care because of cuts in public health service programs, they ultimately may need more costly medical care paid by other federal entitlement programs such as Medicare and Medicaid.

Mr. Chairman, the American Nurses' Association is distressed to have to be in the position, once again, of requesting your support in our opposition to the massive cuts requested by the Administration for nurse training and research programs.

We cannot help but believe that the nursing profession has been singled out to carry an unfair burden. For example, the Administration has requested a budget cut of 75 percent for nurse training and research programs in fiscal year 1983. That comes on top of a 38 percent cut enacted last year and a 25 percent reduction the year before. Clearly, these reductions are having a crippling effect on nursing education.

The budget for the School of Nursing at the University of California at Los Angeles will be reduced by 40 percent during the 1982-83 school year despite the fact that California has a total of 8,000 nursing positions vacant, 6,000 of which are in southern California. In northern California the entire department of continuing education at the University of California at San Francisco has been eliminated.

According to a proposal from the State Board of Higher Education in Oregon, the Oregon Health Science Center University will have reductions of 17.7 full-time equivalent nursing faculty positions as of July 1982. Undergraduate enrollment will decrease from 440 students to 330 and the faculty-student ratio will increase from 1.8 as recommended by the National League for Nursing, to 1:15. In addition, outreach programs in eastern Oregon and Eugene are recommended for elimination effective July 1982.

Results of a recent informal survey conducted by ANA revealed that schools of nursing in 32 states experienced a reduced enrollment in undergraduate and graduate nursing programs due to reduced funding for nursing education programs.

Schools of nursing in 24 states reported at least a ten percent increase in part time student enrollment for both undergraduate and graduate programs.

Schools of nursing in 65 percent of the states responding to the survey reported the elimination of faculty positions due to reduced funding. A total of 178 faculty positions have been eliminated in 28 states with undergraduate nursing programs reporting the greatest losses.

If federal support is reduced to the level requested by the Administration, we would expect that these examples would be repeated in schools throughout the country. Furthermore, with fewer students and fewer education programs, we expect the shortage of nurses to increase.

In July 1981, the Institute of Medicine issued a "Six Month Interim Report on Nursing and Nursing Education." Two major points made in this report were:

-- that we are, in fact, experiencing an operational shortage of nurses; and

-- that nurses have very high employment rates and are employed and working in their field in much higher percentages than women in other fields.

We would also like to discuss the impact of the President's fiscal year 1983 budget requests on specific nurse training and research programs.

ADVANCED TRAINING/PROFESSIONAL TRAINEESHIPS

The greatest need in nursing is for nurses with advanced training. At present less than 75,000 or about 5 percent of all nurses are prepared at the masters or doctoral level. In 1980, only 16,000 nurses were enrolled in such programs. The need for nurses with advanced preparation is currently about 204,000.

It is important to note that as of 1980, 67.9 percent of full-time nursing faculty held masters degrees and only 7 percent held doctorates. To maintain quality nursing care requires that nursing students be taught by nurses with advanced degrees -- especially in view of the increasing technological sophistication and complexity in the health care field.

The President's budget for fiscal year 1983 would make a 90 percent cut in the Advanced Training Program which provides institutional support. Under the President's request a total of seven awards would be provided compared to 74 during the previous year. The President's budget also would eliminate the Professional Traineeship Program which provides stipend support to RN's for full-time study at the graduate level.

NURSE PRACTITIONERS

Nurse practitioners constitute an effective means for improving the quality and access to primary health care, especially in underserved areas. The services provided by nurse practitioners are also considered to be very cost effective. Twenty-three percent of nurse practitioners are employed in inner-city, underserved areas with approximately the same percentage in rural areas.

The President's budget recommends that this program, which provides grants to develop and operate nurse practitioner programs, be cut by 50 percent in FY 1983. This is in addition to an 11 percent cut enacted last year.

SPECIAL PROJECTS

This program is directed at areas of great need, such as increasing the educational opportunities of the disadvantaged, increasing the supply of nurses in underserved areas, and applying health promotion and disease prevention techniques among high-risk populations.

The program also addresses crucial issues in the nursing profession such as providing retraining opportunities for nurses wishing to re-enter nursing practice and providing continuing education for active nurses. A three-year grant at New Mexico State University helped develop a baccalaureate nursing program as well as continuing education activities, this program is now financially independent of federal government support.

The President's budget recommends that the Special Projects Program be cut back by about 14 percent in FY 1983. It was reduced by nearly 50 percent last year.

STUDENT LOANS

The nursing student loan program provides low interest loans to undergraduate and graduate nursing students. Reports indicate that two-thirds of loan recipients are from low-income families. According to a survey by the National Student Nurses Association, 71 percent of those students receiving aid stated that they could not continue school without this assistance.

Reductions in other higher education student assistance programs such as Pell Grants, Guaranteed Student Loans, National Direct Student Loans and Work-Study will leave nursing students with few alternatives and permit only those from wealthier families to attend nursing school full-time.

At the graduate level, nursing students rely heavily on the GSL program to finance their education. One prominent nursing school reported that over

80 percent of their graduate students were receiving assistance through this program.

The President recommends that this program be completely eliminated in FY 1983 after it was cut by over 50 percent last year. Currently, more than over 8,000 nursing students at 1,125 schools are receiving assistance through this program.

NURSING RESERACH

We are very concerned about the proposed elimination of the Nursing Research Projects program and the National Research Service Awards/Nursing Research Fellowship program.

Over the past year, the Nursing Research Projects program was reduced from a funding level of $5 million to $2.4 million. This resulted in a decrease in the total number of projects supported from 43 to 37. More significantly, during FY 1982 all 37 projects funded were continuation awards making the program completely unable to fund any new projects. In addition, the average continuation grant was reduced from $116,000 to $65,000, such cutbacks are devastating not only in terms of research in progress but because of the urgent need for service related research with cost effective outcomes. It would appear that the reductions in this area cost more than was saved.

One aim of nursing research is to apply existing knowledge to the delivery system in an effort to develop more cost-effective mechanisms for the delivery of nursing services as well as to refine specific nursing interventions which enable identified populations to attain or maintain active and productive lifestyles. An additional aim of nursing research is to generate new knowledge about the effects of selected nursing activities on the health-seeking and risk-reduction behaviors of selected populations such as individuals with a mental or physical disability or impairment and older persons with chronic illness and/or diminished resilience.

Nursing research enhances the ability of nurses to provide health education and to respond effectively to potential or existing health problems. Illustrations of such nursing research projects include: maximizing the living skills of elderly nursing home residents; providing home health care for children with cancer; developing a comprehensive health care plan for patients with cancer; assisting patients with heart problems and their families to cope with the stress associated with hospitalization and rehabilitation; and identifying cultural factors in hypertension.

In addition to the massive cuts that have effected the nursing research programs it is important to note that the number of nursing research projects and fellowships awarded continues to fall far short of those that have been approved and remain unfunded. In its 1978 Report on Personnel Needs and Training for Biomedical Research, the National Academy of Sciences identified an urgent need to increase the capability of nursing research. For FY 1982 through FY 1985, NAS recommends that 300 NRSA fellowships be provided annually for nurses. However, the President's budget recommends that both the Nursing Research Projects and Nursing Fellowship/NRSA programs be eliminated in FY 1983.

MENTAL HEALTH CLINICAL TRAINING

Another area of concern is the psychiatric nursing clinical training program administered by the National Institute for Mental Health in the Alcohol, Drug Abuse and Mental Health Administration. This program represents the major source of funding for psychiatric and mental health clinical training for nursing.

While the President's budget includes $14 million for Mental Health Training, the budget recommends that all of these funds be allocated to research training and continues the policy of phasing out clinical training.

Mental health clinical training programs are key to providing quality mental health care in this country, especially for those populations which are underserved or unserved. These include severely disturbed children, mentally ill senior citizens, people with chronic mental illness, and those individuals who have been deinstitutionalized into community settings.

While we strongly believe that this program, which funds clinical training for the four core mental health disciplines, should be preserved, we also feel that greater priority should continue to be given to training psychiatric nurses as stated in last year's committee report. Only eight percent of all awards provided by the program were allocated to psychiatric nursing despite the fact that these nurses provide a majority of therapeutic services in our community mental health centers and public psychiatric institutions.

BUREAU OF HEALTH PROFESSIONS PROGRAM SUPPORT

Once again, we urge that careful consideration be given to the level of program support needed to maintain health education professions programs so that adequate funds and staff will be provided to efficiently adminster the programs funded by the committee.

We are including as a part of this statement a summary of our recommendations for nursing programs in the FY 1983 budget.

Thank you once again for providing us the opportunity to present our views.

AMERICAN NURSES ASSOCIATION RECOMMENDATIONS
FOR FUNDING OF NURSING PROGRAMS IN FY 1983

Labor-HHS-Education Appropriations

ROGRAMS	FY 1980	FY 1981	FY 1982	President's Request FY 1983	ANA Recommendation FY 1983
EALTH SERVICES DMINISTRATION					
Student Assistance					
-- Student Loans	13,500,000	13,500,000	6,580,000	0	16,000,000
-- Loan Repayments	750,000	1,000,000	940,000	0	0
EALTH RESOURCES DMINISTRATION					
Institutional Support					
-- Capitation	24,000,000	10,000,000	NA	NA	NA
-- Advanced Training	12,000,000	12,000,000	11,520,000	1,145,000	15,000,000
-- Nurse Practitioners	13,000,000	13,000,000	11,520,000	5,726,000	13,000,000
-- Special Projects	15,000,000	12,000,000	6,175,000	5,667,000	10,500,000
-- Financial Distress	NA	NA	0	0	2,000,000
Student Assistance					
-- Scholarships	9,000,000	0	NA	NA	NA
-- Professional Traineeships	13,000,000	13,000,000	9,600,000	0	10,500,000
Research					
-- Research Projects	5,000,000	5,000,000	2,400,000	0	7,000,000
-- Fellowships/NRSA's	1,000,000	1,000,000	960,000	0	2,400,000
TOTALS	106,250,000	80,500,000	49,695,000	12,538,000	76,400,000

A - Not authorized

SUBCOMMITTEE RECESS

Senator SCHMITT. We will recess until this afternoon at 2 p.m.

[Whereupon, at 11:45 a.m., Wednesday, May 5, the subcommittee was recessed, to reconvene at 2:10 p.m., the same day.]

(AFTERNOON SESSION, 2:10 P.M., WEDNESDAY, MAY 5, 1982)

NONDEPARTMENTAL WITNESSES

OFFICE OF HUMAN DEVELOPMENT SERVICES PANEL

STATEMENTS OF:

DR. WARREN K. GIESE, CHAIRMAN, NATIONAL YOUTH SPORTS PROGRAM COMMITTEE, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

ROBERT ATCHLEY, DIRECTOR, SCRIPPS FOUNDATION GERONTOLOGY CENTER, MIAMI UNIVERSITY, OXFORD, OHIO

ROBERT M. COARD, EXECUTIVE DIRECTOR, ACTION FOR BOSTON COMMUNITY DEVELOPMENT

BRENDA L. RUSSELL, LEGISLATIVE ANALYST, CHILD WELFARE LEAGUE OF AMERICA

MARVIN G. FIFIELD, DIRECTOR, EXCEPTIONAL CHILD CENTER, UTAH STATE UNIVERSITY, LOGAN, UTAH

ELLEN S. HOFFMAN, DIRECTOR, GOVERNMENTAL AFFAIRS, THE CHILDREN'S DEFENSE FUND

GEORGE TELISMAN, TREASURER, WESTERN GERONTOLOGICAL SOCIETY

Senator ABDNOR [presiding]. The Subcommittee on Labor-HHS will come to order.

This afternoon, we have a pretty heavy schedule. I'm sorry I'm a few minutes late. It seems like there are just too many places to be. We do have a large group of witnesses to be heard today and I think, in order to give everyone an opportunity, we're going to have to limit testimony for questions and different things to 4 minutes each, I think that would be fair. Well, at least on the first one, where we have so many. And then later on, let's see how the time goes.

We're going to hear from the first panel. That is the Office of Human Development Services and the Office of Community Services. The second panel will discuss general Department of Health and Human Services funding issues. The third panel will testify on elementary and secondary education. The fourth and final panel will discuss Bilingual Education and Impact Aid.

Again, in order to accommodate the large number of witnesses and the diversity of subjects covered, we require and request that each panel limit its presentation totally to 30 minutes. I don't like using lights, but in this case, I think we will be doing that today. The lights are a reflection of the time that you have. The yellow is a warning that your time is running out and red is the time is up.

So with that, let's turn to our first panel for today, which is the Office of Human Development Services and the Office of Community

Services. If we could ask you folks to come to the table, we'd appreciate it.

We are going to be hearing testimony from representatives of: The National Collegiate Athletic Association; the Association of Higher Education; the National Community Action Foundation; the Child Welfare League of America; the American Association of University Affiliated Facilities; the Children's Defense Fund; and the Western Gerontological Society.

If the witnesses for this panel are ready to go—I don't know who takes the leadership on this or the order we call them off. I guess we have them listed here. I'll start in that order, if it's all right with you, gentlemen.

STATEMENT OF DR. WARREN K. GIESE

Dr. GIESE. Thank you, sir. I'm Warren Giese, a faculty member at the University of South Carolina and Chair of the National Collegiate Athletic Association Youth Sports Committee. I'm here to speak in favor of an appropriation for the National Youth Sports Program (NYSP). We submitted a statement for the record.

Senator ABDNOR. Fine. Let me assure each of you that your written statement will be placed in the record.

Dr. GIESE. Thank you. I want to express the deep appreciation of the NCAA for continued congressional support of this nationally recognized program. For the past 13 years Congress has demonstrated its faith and confidence in the ability of the NYSP. And because the NCAA shares this faith in the program, we're here to ask you to appropriate $6 million to continue the NYSP in fiscal year 1983.

Despite the fact that the NYSP has operated on the same funding level since 1976, I can assure you that through the untiring efforts of the participating institutions, it has been able to maintain the quality of the program.

Just a few facts for your consideration. The Federal dollars in this program are matched on almost a 2-to-1 basis through the contributed facilities and services and operating personnel of the institutions. Second, the NCAA voluntarily acts as the administering body for the NYSP. There is no overhead charged. It contributes the services of its staff members who are involved; and its absorbs into its own headquarters operating budgets the costs indigenous to the program.

In addition, each participating college or university must provide free of charge the use of its facilities and no overhead charges are allowed. Each participating institution, in addition, must provide at no cost an administrator to direct the program within the guidelines set forth.

This program currently operates in 40 States and 126 institutions. We are this year planning through a variety of devices and means to make every effort to increase significantly the numbers of children and young people who have the opportunity to benefit from this program. And this is being done without asking for an increased appropriation.

The NYSP is a solid example of a Federal program that works, one whose dollar effectiveness is multiplied through contributed services and facilities and not diminished by overhead charges and the like.

Gentlemen, I urge you to make it possible for the NYSP to continue by providing a $6 million 1983 appropriation.

Thank you.

Senator ABDNOR. Thank you. We appreciate receiving that statement. The next witness we'll hear from is Dr. Robert Atchley.

STATEMENT OF ROBERT ATCHLEY

Dr. ATCHLEY. Thank you. My name is Dr. Robert Atchley. I am director of the Scripps Foundation Gerontology Center at Miami University in Oxford, Ohio. I am here today representing the Association for Gerontology in Higher Education, which is an organization of more than 200 universities and colleges in the United States that have programs to educate people about aging and the aged.

What I want to talk about is some of the results of educational efforts that have been made in the past with regard to aging, some of our future needs in that area, the proposed response to those needs in the 1983 proposed budget, and what we need in comparison to that.

I should say, to begin, that our goal in gerontology education is to develop accurate and pertinent information about aging and to help people get and use that information to serve the elderly.

Some of the results of past efforts in the area of research and training that have been done as a result of title 4(a) programs for the Older Americans Act include a project designed to develop a nursing home guide that could be implemented by local communities to do a consumer guide to nursing homes, which would help families of older people identify nursing home facilities in an area. There are more than 50 communities in the United States that use this model. It's quite effective. It utilizes volunteers and includes technical assistance to help implement the program.

Another example is a study that was done at the University of Michigan to look at the impact of fuel cost increases on the lives of the elderly. They found that 40 percent of the elderly have had to reduce the amount of money they spent on food, 16 percent of them had to do without needed medical care, and a substantial number of them died as a result of hypothermia, or becoming too cold as a result of their homes not being sufficiently well heated.

Another example of an educational effort that has a ripple effect is the retirement planning program, in which 60 officials from plants and from agencies were brought in and trained to do retirement planning in their own facilities using title 4(a) funds; that is, to do the training of the trainers.

The point is that title 4(a) programs, both in research and in training, get right down to the nitty-gritty of the needs of the elderly and the delivery of services and how you do that well for the older people of the country.

What do we need for the future in this area? We need to keep in mind that the old-old—that is, people aged 75 and older—are increasing much faster than the general population. There were 5.6 million of these people in 1960, 9.5 million in 1980. By 1990, there will be 12 million people 75 and over. And by the year 2000, there will be 14.4 million. This is an increase of 175 percent from 1980 to the year 2000, in comparison to a 40-percent increase for the general population.

The budget cuts that we've had since 1980 will increase the needs of these people for assistance. We have income maintenance cuts. We have health care cuts. We have food nutrition cuts. We have housing cuts. We have requirements that are being proposed that require relatives to assist these people.

The point is that 80 percent of the assistance that elderly people in this country are getting right now is done by families. Many of the families of the old-old are themselves older people whose incomes are being cut. So they're getting a double dose of the cuts.

The proposed response on the part of the President's budget to the needs for education to train not only the elderly themselves, but their families, service providers to provide services to the elderly, was a 60-percent cut from 1980–82 in title IV, which is the only program that does apply training and research in gerontology.

We need to turn this around and I recommend that you restore the title IV budget to a 1980 level, which would be $65 million. Older people can't compete in the economy to control their own economic fate. We should not expect the elderly and their families to bear the lion's share of the cut. The magnitude of the problem requires a coordinated national effort, not a turning of national commitment away from the very people who built this very great country.

Thank you.

Senator ABDNOR. Thank you. Thank you very much. The next witness is Mr. Robert Coard.

STATEMENT OF ROBERT M. COARD

Mr. COARD. Yes, sir. Thank you very much, Senator. Mr. Chairman, members of the committee, my name is Robert Coard and I am executive director of Action for Boston Community Development in Boston, Mass.

I thank the committee for this opportunity to share our thoughts concerning the fiscal year 1983 funding needs for the Community Services Block Grant. I am also here as a representative of the National Community Action Foundation, which is a national organization representing the legislative interests of 900 community action agencies nationwide.

These are difficult times for this Nation and especially difficult times for the poor, as well as the human services that serve the truly needy.

For the second consecutive year, the administration has made proposals to Congress that would virtually end local community action throughout the Nation. Last year, the administration recommended the elimination of the Community Services Administration and combining the program funding with other programs in a large, cumbersome, and unworkable social services block grant.

Thanks in large part to the leadership provided by many members of this committee, we were able to achieve a special block grant that recognizes and protects the integrity of community action programs at the grass roots level.

This year, the administration proposes only $100 million for the Community Services Block Grant or a virtual shutdown of over 900 existing community action programs and other programs which are funded through the Community Services Block Grant for the elderly and for children and others.

I realize that this is a difficult time for everyone. However, if we have to share in the sacrifices to put this country back on the road to economic recovery, it should be shared across-the-board, equally, and not disproportionately with respect to the poor.

Our request is very simple: We'd like to have the Community Services Block Grant increased to a level dealing with inflation, but certainly at nothing less than the 1982 level. As a matter of fact, the same level is less than the majority of members on the Labor and Human Resources Committee itself has recommended to the Budget Committee.

For nearly 20 years, Congress and the American people, and Republicans and Democrats alike, have testified before Congress in support of community action programs at the local level. Even OMB Director Stockman himself testified before the House Government Operations Subcommittee last year that he had no quarrel with community action agencies at the local level. His only concern, he said, was with the Federal Community Services Administration, which we have nothing to do with because we don't appoint any of the staff at the Federal level.

We see no rationale at all for this kind of cut in the Community Services Block Grant and the funding level in the program should be adequate to allow the program to do a decent job. Otherwise, it's extremely difficult to justify it at the kind of level which the administration is recommending.

Community action agencies continue to achieve the greatest "bang for the buck" in operating programs. My own agency in Boston, as an example, received a little over $3 million in CSBG funds this last year and that leveraged a total funding level for us of $36 million of other Federal funds, State funds, foundation funds, and other sources.

So it is a real great bang for the buck in terms of the leveraging that we are able to do in services.

The administrative cost for these programs remain under 10 percent. In my agency, it's under 9 percent. The average pay of people who work in community action agencies, 145,000 of them, is under $4.50 an hour. So we really have commitment by vast numbers of people throughout the country at the grass roots local level. We serve some 27 million poor people.

The kind of programs we do, which are specifically listed, are employment and job training, Head Start programs, elderly feeding, food cooperatives, canneries, gardens, weatherization, energy assistance, fuel assistance, WIC, and a number of other particular programs like that.

We are doing work for 27 million people through the help and the support that you have been able to give us and we will continue to make sacrifices and we will continue to try to do our part as well as possible, given the circumstances that we all face in this country today.

I thank the committee for the opportunity to speak before you and we will answer any questions and submit additional testimony for the committee at a later date.

Senator ABDNOR. Thank you very much. Ms. Brenda L. Russell of the Child Welfare League of America.

STATEMENT OF BRENDA L. RUSSELL

Ms. RUSSELL. I am Brenda L. Russell, legislative analyst for the Child Welfare League of America. I thank you for the opportunity to testify on behalf of children in relation to the important decisions that you will make in recommending appropriations for the Department of Health and Human Services.

The league is a privately supported organization comprised of 400 child welfare agencies whose efforts are directed to the improvement of care and services for children and their families. The league also represents 1,600 affiliated child care and family agencies throughout 27 State child care associations. This means that members and affiliated agencies of the league serve several million children nationally. It also means that we speak for over 6,000 volunteer board members and several thousand more direct service volunteers. We are not only an advocacy organization, but our agencies serve children and their families in every State in the country.

We are cognizant that basic economic stabilization is a necessity for a strong America. However, additional cuts in human service programs will not lead to economic stability. In the long run, it will cause increased deficits and human suffering. A perfect example of that is found when you analyze the Adoption Assistance and Child Welfare Act, a program that has demonstrated the cost effectiveness of providing family-strengthening services and adoption subsidy programs for special needs children, as compared to the long-term costs of the provision of unnecessary out-of-home care for children. We can quantify the financial costs to taxpayers of unnecessary out-of-home care, but how do you measure the human cost of denying a child the opportunity to grow up in a permanent loving family?

Although the law has not had the opportunity to be fully implemented yet, the administration is once again proposing its elimination. A new Title IV–E Child Welfare Block Grant is proposed by the administration which would consolidate title IV–B child welfare services, child welfare training, title IV–A/E foster care, and the title IV–E adoption assistance programs for special needs children. This proposal would eliminate the individual entitlement to care for special needs adoptive and foster children and it would repeal the title IV–B child welfare services program for vulnerable children that Congress enacted along with the Social Security Act back in 1935.

The authorization level for the block grant would only be $380 million for fiscal year 1983 and thereafter, a sum that represents a 25-percent funding cut below actual fiscal year 1982 levels, and is a 47-percent reduction from the full implementation funding level as recommended in the law.

With only one limited source of funding to meet the needs of children, States would not have an incentive to provide the additional necessary services to move children out of foster care into families. In fact, States would be hard-pressed to move children through the foster care system.

The Congressional Budget Office estimates that $346 million will be needed to fund just the AFDC foster care program in fiscal year 1982. Simply applying the administration's inflation rate of 7.5 percent to the AFDC foster care program would provide a $372 million cost for fiscal year 1983 for out-of-home care for poor children. That would leave approximately $8 million to provide the services necessary to move children through the system. It is inconceivable that family reunification and preplacement preventive services, adoption services and assistance, and training for child welfare personnel could be provided for under such dramatic funding reductions.

Although the administration's child welfare block grant proposal has not been transmitted to the Congress yet, the administration assumes passage of this proposal and therefore, neglects to request funding for the specific programs in current law. It is clear that the Ways and Means Committee has no intention of eliminating Public Law 96–272 and it is questionable whether the Senate Finance Committee will.

Funding for current law is necessary.

We would therefore request that $220 million be appropriated for title IV–B child welfare services in fiscal year 1983 and that the title IV–E foster care and adoption assistance program should remain entitlements, as provided for under Pub. L. 96–272 with an appropriation level that meets the Congressional Budget Office estimate for fiscal year 1983.

I also wanted to speak about the title XX social services block grant. I see that my time is up. Our basic request is that you reject the administration's appropriations language, which would change the ceiling on that program and fold in the WIN program. We oppose that. We would like current law funded.

Thank you very much.

Senator ABDNOR. Thank you, Ms. Russell. The next witness is Dr. Marvin Fifield.

STATEMENT OF MARVIN G. FIFIELD

Dr. FIFIELD. Senator Abdnor, I am Dr. Marvin Fifield. I am the director of the university affiliated facility, the Exceptional Child Center at Utah State University. With me in this presentation is Jud Cunningham from the Navajo reservation. I'd like to introduce Jud. He's the director of the Dine Center for Human Development at Navajo Community College.

We are very honored to be asked to testify on behalf of the needs of the developmentally disabled, and specifically, of the university affiliated program to meet these needs.

Developmentally disabled people are a very distinct group. Unlike other handicaps, developmental disabilities are a combination of handicaps that affects almost every facet of the person's life. Furthermore, these handicapping conditions increase in severity and complexity as the person gets older if they do not have proper care and intervention.

The university affiliated facility is a program that is a vital link in our efforts to provide the best and the most cost effective services to the developmentally disabled population. No human service program can be any better than the training of the people who provide the service. The funds that are invested in the training of people is like investing in seed money; the payoff pyramids, with years of quality and cost effective services and improved practices.

Prevention and treatment techniques which we thought were outstanding 10 years ago are grossly inadequate today. Likewise, the very best practices of today will not be considered effective in the decades to come.

Mr. Chairman, this committee has been very supportive of appropriations in the research area. But research, of course, is only beneficial if such information can be applied.

If we were to emphasize in a single sentence the thrusts of the university affiliated facilities program, it would be the application of research findings into practice. This process of scientific discovery of new information, the application of research findings into practice, systematic evaluation of the effectiveness of such practices, and then the dissemination of such information, is the approach taken by the university affiliated facilities.

In 1979, over 68,200 clients and their families received direct service through the university affiliated program. During this same period of time, 166,000 technical consultations were provided to State and local agencies. Now the impact of this is significant, and that impact will be lost if the proposed budget cuts in the program are sustained by Congress.

The results of that would be that the clients being served, the 68,200 clients serviced in 1979 would not be served. Now these are the most difficult, most complicated cases. These are cases that are referred to by the university affiliated program from the local health departments, from schools. These are cases that they are not able to take care of.

Furthermore, the results from research that is currently underway would not be able to be realized.

Financial support for the UAF's come from a variety of sources, local, State, and Federal. The most significant Federal source is MCH, maternal and child health, and the Administration on Developmental Disabilities. It's these two sources of support to the UAF program that gives it a focus and enables each center to respond to program needs of the handicapped that are regional and national in nature. Without this small amount of core support, the programs in each center would deteriorate just to a group of individual and independent projects.

Now State funds do support the UAF programs. States cannot do it and cannot assume total responsibility for the program. Research is clearly a national function.

Another aspect is that many of the UAF's serve a multistate region. Continued support for such activities under MCH and DD are important and are needed if we're to keep these programs going.

I urge the following recommendations to continue the UAF program as vital to the interests of the developmentally disabled. First, the 1982 recommendation is that there is a need for an urgent supplemental appropriation from MCH funds. These will include programs to the genetic centers, the hemophilia centers, and to the UAF's.

For fiscal year 1983, there's a need to continue with the $7.5 million appropriations to UAF's through the DD Act and the continuation of the MCH Block Grant with a 15-percent set-aside specifically for these appropriations.

Mr. Chairman, I thank you for your attention.

Senator ABDNOR. Thank you, Dr. Fifield, for your presentation. Our next witness is Ms. Ellen Hoffman.

STATEMENT OF ELLEN S. HOFFMAN

Ms. HOFFMAN. My name is Ellen Hoffman. I am director of governmental affairs for the Children's Defense Fund (CDF).

We appreciate the opportunity to testify before you today on the proposed fiscal 1983 funding levels for a number of key children's programs: the Maternal and Child Health Block Grant; Title 1 and Education of the Handicapped; Headstart; and Child Welfare Services.

CDF is a national public charity created to provide systematic and thoughtful advocacy on a number of issues that affect children and families. Over the years, we have produced reports on major health, social services, and education programs affecting children. In each instance, we have not only reported on the successes or failure of each program, but have also sought to develop a careful and responsible agenda for reform that would help redirect public policies and public funds in a more effective fashion.

The Children's Defense Fund believes that this is the time to invest in our children. In the year 2010, 28 years from now, when many of us will be moving toward retirement age, there will be more elderly people per worker and fewer children as we become an increasingly aging society. Each worker will become more important as fewer become available to support their older dependents. That potential worker in the year 2010 was recently born or is about to be born. One in two of those potential workers will grow up in a single-parent family, one-third of whom will be poor. One in two will grow up in a family where all parents work and often face inadequate, even harmful, child care arrangements. One in four of those potential workers will drop out of school before they graduate and will not be able to read and write and compute well enough to read the want ads or fill out the application for the rapidly shrinking number of unskilled jobs. Half a million of those potential workers are going unnecessarily homeless in costly foster and institutional care, denied the nurturance and family stability that every child deserves.

If we continue these policies, they will cost us billions in future remediation, in medical costs, foster and institutional care, court costs, and jails. They will cost us billions in lost productivity, joblessness, untrained minds, and it will cost us more than we can measure as we stray from our historical path of becoming a decent and disciplined society.

Earlier this year, we published a children's defense budget, an analysis of the President's budget in children. In it, we tried to assess the impact of the budget cuts and program changes made last year on children and families and to assess what the 1983 proposals would do to the most vulnerable groups—children, the poor, minorities, and the handicapped—in our society.

We found that a group of critical children's programs were cut by $10 billion in fiscal 1982 and an additional $8 billion in cuts was proposed for fiscal 1983. If we look at a broader range of programs affecting those same vulnerable groups, we find that the proposed reductions would total a $27 billion massive reduction in 1983 alone. This includes $22 billion in fiscal 1983 cuts, as well as rescissions.

We have a chart in the back which shows the cumulative impact of the proposed 1983 administration cuts on top of last year's in some of these key children's programs and it shows you that if we continue and accept the recommendations in title 1, that the cuts in the last 2 years would come to over 50 percent of that program. It would come to over 30 percent in education of the handicapped, over 30 percent in maternal and child health block grant.

The point is simply that these are programs that are important in terms of producing human capital in this country and that they were already cut very, very severely last year.

In the area of maternal and child health, there has been a Federal commitment for many years since 1935 to serving mothers and children in medically underserved areas. The maternal and child health block grant now is the only Federal health program explicitly for children.

We believe that a strong Federal commitment to healthy mothers and babies should be a cornerstone of our policies and would urge that the block grant be funded at the $373 million authorization level.

I alluded to education and we also have requested in the area of title 1 for the handicapped the omnibus reconciliation authorization levels.

I would like to mention Head Start briefly because, although it has not been cut in dollars, it has severely suffered in cuts in related programs, such as title XX and it's important to point out that although this is described as a safety net program, there have been serious cutbacks in Head Start, which is a very successful and documentedly important program for kids since there's only 20 percent of those who are eligible.

Finally, in the area of child welfare services, we agree, as the Child Welfare League mentioned, that we need to maintain at least a minimum funding level of $163 million for the child welfare services programs. It's cost effective. Placement of children in permanent stable homes or in adoption, where that can be done, will be a much more effective, long-range policy than the kind of short-term approach we would take if we cut the preventive services in that program now.

So we would urge you to look at this range of children's programs and consider them an investment in the future, as you are doing your decisionmaking this year.

Thank you.

Senator ABDNOR. Thank you. Our next witness is Mr. Telisman.

STATEMENT OF GEORGE TELISMAN

Mr. TELISMAN. Yes, thank you. Thank you very much for allowing the Western Gerontological Society (WGS) this opportunity. I am George Telisman from the State of Washington, treasurer of the board of directors of WGS. We currently have over 3,500 members nationally.

We note first that the Older Americans Act is the important link in a complex puzzle of services designed to assure elders a reasonable quality of life. As such, the consequences of cuts in the Older Americans Act cannot be fully understood apart from their interplay with losses in other programs.

As mandated by OAA, Area Agencies on Aging (AAA) have become vehicles for program development necessary to assure a growing population of elders, particularly frail elders, will receive needed social and health services. Financial limitations have impeded the development of a full range of services. The AAA's have served effectively as system builders. Most area agencies have been able to lever funding from multiple sources, such as titles XIX, XX, revenue sharing, and private sources. Data indicates that AAA's have generated 49 percent of their budget elsewhere than in title III. For every $1 they have spent in development activities, they have generated an additional $20.22.

Therefore, title III remains critical for the core funding of projects. In addition to funding services such as nutrition, transportation, and in-home, it is the glue that holds the system together. Funding cuts for the Older Americans Act in fiscal year 1983 will threaten to upset the balance between service needs and resource generation. We are looking at cuts at a time when there are more frail older Americans than ever before.

AAA's revenues will also drop as States compensate for medicaid and social services block grant cutbacks. Moreover, agencies have also raised private funds. Those area agencies which lack relationships with these sources will face serious obstacles in their efforts to generate new funds. The competition will be fierce and we need up-front resources from title III to generate additional private dollars.

The proposed cutbacks in title III must result in a reduction in essential services. Fewer life-sustaining services will be available to meet the needs of more people.

WGS strongly recommends that funding levels for fiscal year 1983 for the Older Americans Act Title III be maintained at the fiscal year 1982 level. Federal title III funds provide for dependable care and are essential for the generation of additional services. WGS also opposes cuts in title IV and seconds the testimony of the Association for Gerontology in Higher Education.

Finally, I want to address the social services block grant. Through intertitle transfers and general availability of the social service block grant, area agencies have helped prevent premature and costly institutionalization for the most vulnerable older person.

Title XX is the largest source of Federal funds for social services and is often used to fill gaps or expand programs. With the proposed cuts, we expect that program losses will be severe. Even in fiscal year 1982, title XX will buy one-half what was available in 1974.

The concept that services can be maintained because States will have greater latitude in using the funds fails to account for several variables. For one, title XX has steadily declined in constant dollar terms. Second, many States have already taken advantage of administrative flexibility that title XX offered.

WGS believes that elders may suffer most dramatically from efforts to compensate for title XX losses since they have historically been ill-served by noncategorical programs. We recommend, at a minimum, maintenance of fiscal year 1982 funding levels.

In closing, I stress that a delicate balance exists. Not only are service levels dependent upon Federal funding for the Older Americans Act; they are closely interrelated with the general level of other Federal, State, local, and private resources. A decrease in participant income will further decrease service availability.

An impressive range of programs and services has developed over the past 9 years. There are still major gaps. The service system is balanced, but small changes may topple it. The health and care of the homebound, vulnerable elderly, least able to manipulate their environment, will hurt the most. The slow but steady erosion of program support threatens to destroy, with no replacement, that system which has evolved during the last decade to assist older persons remaining independent in their homes instead of in institutional settings.

Thank you for this opportunity.

Senator ABDNOR. Thank you for your testimony. I know the effort that you made to get here. You came all the way from San Francisco just to be here for these few minutes. I know it doesn't seem fair to all of you, but this committee, which I'm not chairman of, is constantly in session. We've got some real problems to wrestle with. You all have very, very fine causes, whether you're talking about gerontology or children's programs. They're all important. I guess the problem now, the problem that they're struggling with in the budget committee, is trying to figure out what they're going to do with this $180 billion deficit. A lot of action coming out of this committee will depend on what solutions are found in the budget committee.

They're meeting at this very moment and I guess they're meeting every day. But I want you to know that because we're rushing you through here isn't necessarily because we want to. It's just that there are so many programs in this committee that we have to go through, that we have to do it this way.

We're very grateful for your testimony. Again, I assure you that it's going to be made part of the record. It's going to be looked at again and again as decisions are rendered here. I just wish that we did have more time because of the great effort you've made. We thank you for being out here today. Your prepared statements will be inserted in the record at this point.

Thank you very much.

[CLERK'S NOTE.—An additional statement from the Child Welfare League on non-HDS programs is in the subcommittee files.]

[The statements follow:]

STATEMENT OF ROBERT ATCHLEY

My name is Robert Atchley. I am Director of the Scripps Foundation Gerontology Center at Miami University in Oxford, Ohio. I am speaking to you today on behalf of the Association for Gerontology in Higher Education, an organization of over 200 institutions of higher education with academic programs in the field of aging. I wish to speak mainly to the President's FY 1983 budget recommendation for Title IV of the Older Americans Act and its implications for both the present and the future well-being of older Americans.

Since 1965, great strides have been made toward improving the quality of older Americans' lives. However, the budget-cutting processes in operation since FY 1980 have already erased much of the progress in this area and the cuts proposed for FY 1983 will accelerate the erosion even further. Other organizations either have or will address the direct impact of the cuts on income security, health care financing, nutritional adequacy, housing, and social services for older Americans.

I want to stress (1) the need for knowledge about aging and the aged, (2) the need for well-trained people to serve the needs of the elderly in a wide variety of occupations, and (3) how these needs are affected by the federal budget-cutting process.

That this country is undergoing a population explosion of older adults has become a cliche. What is not so obvious is that this explosion began 20 years ago. In 1960, there were 5.6 million Americans age 75 or over. In 1980, there were 9.5 million; by 1990 there will be 12 million; and by 2000 there will be 14.4 million people in this "old-old" category. This represents an increase of 157 percent, compared to only 40 percent increase for the total population during the same period.

One of the most important implications of this change is that the numbers of older people who need assistance of one kind or another have increased dramatically in recent years and will increase as dramatically in the future. We need to be aware of who provides this assistance now, where the current gaps are, and what we need to do in order to handle the future growth in the older population.

The vast majority of the assistance provided to the elderly is provided by their families (80 percent). Only about 5 percent is provided by social services agencies. But as the proportion of very old or very disabled people increases, so does the proportion whose needs for physical or medical assistance exceed the capacities of their families. Long-term care and assistance in both community settings and in institutions is in very short supply now, even with the substantial effort being made by families and Older Americans Act programs. Trained personnel to organize and provide such care are also in short supply. If we do not continue aggressive efforts to increase the supply, we will be in a desperate situation within a few years.

Gerontology education in public schools and in higher education not only trains future professionals and para-professionals employed in the field, it also educates the public at large and enables families to take a more realistic and informed approach to serving their members' needs. However, in order to do an effective job of educating both of these categories of people, we need effective knowledge to pass on to them and educational programs to deliver that knowledge. OAA Title IV research and training funds have played an important part in identifying both the needs of the elderly for assistance and effective practices for meeting these needs. Title IV programs have also improved the access of both professionals and the general public to needed information about aging and the aged. A few examples will help illustrate these points.

Locating nursing home facilities within a local community and assessing their adequacy is a problem most families find extremely frustrating. Using Title IV research funds, the Nursing Home Information Project developed a methodology that local organizations could use to develop local consumer guides to nursing homes. The project produced three manuals containing instructions and materials for nursing home assessments. Workshops on use of these materials helped refine them and encourage their use. Since these materials first became available in 1979, dozens of localities have produced their own consumer guides to nursing homes and thousands of families have been assisted. Los Angeles, Atlanta, Baltimore, Houston, Seattle, Milwaukee, Dallas, Dayton, and Kansas City are a few examples of cities that have consumer guides for nursing homes as a direct result of Title IV research.

Another example was the use of Title IV research funds by the University of Michigan to examine how the elderly in Michigan adapted to the dramatic rise in the costs of heating their homes. The study found that 40 percent of the elderly were spending less on food in order to heat their homes and 16 percent were doing without needed medical care. Research of this kind is essential if we are to monitor the well-being of the elderly and how it is affected by social change.

Educational programs funded under Title IV sometimes mobilize concern as well as provide education. For example, concerned students at the University of California - San Franicsco on their own developed a "survival kit" of needed community information for use by the inner-city elderly.

Educational programs funded under Title IV often have had a ripple effect. People who have received good training are themselves providing good training. For example, using Title IV training funds, Miami University's Gerontology Center trained over 60 officials of private companies and public agencies to provide retirement planning programs for their employees. In another project, Title IV funds were used at the University of Minnesota to train older people to provide volunteer crisis intervention services to other older Americans.

The point I want to get across is that Title IV research and training efforts are not primarily theoretical or academic in nature. They are aimed right at the nitty-gritty of finding out and delivering whatever it takes to provide America's elderly citizens with the assistance they need.

There are no frills to cut in this program. Title IV has encountered a steady assault since 1980. It suffered a 60 percent cut from FY '80 to FY '82 and is proposed to be cut another 10 percent for FY '83. And this is at a time when we need to be increasing our efforts to find ways to assist the elderly. We therefore strongly recommend that funding for Title IV of the Older Americans Act be set at 65 million instead of the 20.3 million recommended by the President. The 65 million level would simply restore Title IV to its 1980 level of funding, adjusted for inflation.

We are the most affluent nation on earth because of the energy, commitment, and creativity of the succession of generations that have gone ahead of us. We owe our older generations a tremendous debt for their role in creating a nation to be proud of. Yet the elderly do not have the power to control their own economic destinies in a free labor market. Age discrimination and withdrawal of interest and opportunity combine to impose very real limits on older people's capacities to control their own economic fate.

As a society we have come to recognize that income, health care, housing, and other staples of life will be available for older Americans only if we maintain a national effort to mobilize resources to "take care of our own," for the elderly are fully a part of us. They are us, and we are or will be them. Over the past 45 years, we have steadily worked toward the creation of a national effort to assure the basic survival needs of older Americans, to improve their access to the facilities and services that are so important to our way of life, to train people to assist them, and to increase opportunities for older people to continue to participate. We have come a long way, but much still remains to be done.

We are now seeing a full-scale assault on the principle of federal responsibility, and in particular our federal responsibilities toward our elders. We cannot allow new ventures for America to be paid for with money the elderly need for basic survival. It is up to each of us to reaffirm our national commitments to our older generations.

STATEMENT OF DR. WARREN K. GIESE

Mr. Chairman and members of the Subcommittee, I am Dr. Warren K. Giese, a professor at the University of South Carolina and Chair of the National Collegiate Athletic Association National Youth Sports Program Committee. I am here today to speak in favor of an appropriation for the NYSP.

For the past several years, I have had the privilege of appearing before this Subcommittee to speak in favor of appropriations for the NYSP. Each year, despite extraordinary budgetary pressures, Congress has responded affirmatively to our request for an appropriation. So, before going on, I want to give my personal thanks to those of you in Congress who make the NYSP possible, and to express the deep appreciation of the NCAA, on whose behalf I speak, for continued congressional support of this nationally recognized program. Your actions have enabled literally hundreds of thousands of impoverished children to become part of this constructive program.

Congress has shown its faith in the ability of the NYSP to provide a healthy and educationally sound environment for participating youngsters, most of whom have no place but the streets from which to learn during the summer months. Because the NCAA shares this faith in the program, we are here to ask you to appropriate $6 million to continue the NYSP in FY 1983.

The typical NYSP project serves about 300 youngsters. Over the years, participants have been nearly evenly divided between boys and girls. College and high school coaches and outstanding athletes provide instruction in at least four sports, including the lifetime sport of swimming. The ratio of participants to staff averages about 15 to 1. This ratio gives participants the benefit of personal contact with people who can serve as valuable role models.

An extremely important part of each project is the enrichment component. Each project provides instruction in career and educational opportunities, drug and alcohol abuse prevention, and health and nutrition. The NYSP also draws upon the outstanding educational and cultural resources available on and near the campuses of participating institutions.

Each participant benefits from a free medical examination and, if necessary, follow-up. The NYSP also provides free medical and dental insurance for each participant. And each participant daily receives at least one free, nutritionally balanced meal, which meets U.S.D.A. standards. The focus is not sports alone; this program aims through the motivating power of sports to promote the development of the whole person.

The NYSP bridges the gap between needy youngsters living in many of the poorest neighborhoods in our nation and the positive environment of nearby colleges and universities. This important role in promoting good community relations, part of the program's design philosophy, helps to direct the energies of young people from poor neighborhoods into constructive channels, and to turn such youngsters away from destructive behavior patterns. The declining availability of funding for other programs aimed at problems of the poor increases the need for constructive programs of this kind.

The NCAA voluntarily acts as the national administering body for the NYSP. In conjunction with its NYSP Committee, the NCAA has established program guidelines and objectives, which are constantly refined as new experience is gained. The NCAA also screens and selects participating institutions for need and suitability.

In addition, training and technical assistance is provided to each project on a regular basis, and a thorough, on-site evaluation of each project is performed annually. Each project is measured against stated objectives and guidelines. Projects which do not meet the carefully developed standards are culled out and replaced by others better able to do the job. Each year more institutions have sought to participate than available funding would permit. Thus, it has been easy to replace any marginal service providers with new and eager project sites.

We believe the NYSP represents an excellent way to reach many thousands of young people who are at an age when an intensive, motivational program such as the NYSP can be most effective. The NCAA and the participating colleges remain committed to the NYSP. However, without Federal support, the NYSP cannot continue in its present form. The Federal role in funding this program should continue for the following reasons:

The first and principal reason is the beneficial impact this program has upon the lives of the youngsters it serves. Despite the commitment that has been made to eliminate poverty, many young people continue to be deprived of the basic health, nutritional, physical education and cultural advantages that many of the rest of us provide for our children as a matter of routine. These have-not youngsters often lack positive self-image and motivation. The NYSP provides many of these missing benefits and is designed to instill self-respect and the capacity for disciplined and directed effort.

Second, this program creates jobs in the poverty communities it serves. More than 90 percent of the 3,500 employment opportunities provided by the NYSP in 1981-82 were filled by residents of CSA poverty target areas. There is chronic, high unemployment in these areas, worsened by the current recession -- this program has a direct impact.

A third reason is the program's ability to apply Federal dollars directly to its purposes, with a minimum of administrative structure and expense. The NCAA contributes the services of the National Program Director of the NYSP, as well as supporting staff. Through its contacts with the higher education community, the NCAA is able to obtain the use of educational and sports facilities of the highest quality for the program. We know of no other organization capable of delivering such facilities. In addition, each participating institution contributes the services of a project administrator. No NCAA or institutional overhead is charged against Federal funding. Thus, most of the Federal dollars are channeled directly into providing services to the program participants.

A fourth reason is the program's ability to use Federal money to generate private contributions. Millions of dollars worth of facilities and outstanding administrative and teaching talent are made available by participating institutions. Consistently, more than one dollar in non-federal contributions matches each Federal dollar. This program serves as a magnet for the kind of voluntary efforts most of us favor.

Gentlemen, I urge you to make it possible for this program to continue. By providing an FY 1982 appropriation for the National Youth Sports Program, not only will you help the youths served by the program; all of us will benefit.

April 22, 1982

NATIONAL YOUTH SPORTS PROGRAM

FACT SHEET

PROGRAM CONCEPT

Over the years, the National Youth Sports Program annually has provided approximately 50,000 disadvantaged youths, ages 10-18, a year-round opportunity to benefit from resources made available by local colleges and universities. In 1981, with a $6 million grant from the Community Services Administration, and over $11 million in contributions from other sources, the National Collegiate Athletic Association and 126 selected institutions of higher education, are carrying out the program's thirteenth successful year.

The NYSP is an instructional program for disadvantaged boys and girls. The program uses sports instruction and competition as a vehicle for motivating young people from poverty areas to earn and learn self-respect. The program provides participants with instruction in career and educational opportunities and exposure to the college environment. Each participant receives a free medical examination, and follow-up, if necessary. Each participant daily receives a free U.S.D.A. approved meal. The aim of the NYSP is to help disadvantaged youths learn to "walk tall -- talk tall -- stand tall."

PROGRAM STATISTICS FOR 1981*

Number of participants	34,518**
Number of medical examinations	44,985
Percentage of participants by sex	68.6% boys 31.4% girls
Number of participating institutions	126
Number of states	40
Number of cities	106
Number of free meals provided	865,839
Number of professional staff employed***	1,136
Number of program aides***	1,546
Number of supporting personnel***	830

---

* Summer portion only; winter portion statistics unavailable at this time.

** Because Federal funds were not awarded until June 11, 1981, many of the projects were unable to start on time. The resulting delay and uncertainty caused unusually low attendance.

*** Over 75 percent of paid program staff were residents of CSA-designated poverty target areas.

Participant/staff ratio (approximate)	13/1
Cost covered by CSA grant	$6,000,000.00
Institutional contribution	$8,347,763.00
Other contribution (business, local and state government)	$1,504,656.00
NCAA contribution*	$ 55,000.00
U.S.D.A. contribution	$1,550,796.00

PROGRAM OBJECTIVES

1. To expand opportunities for disadvantaged youth to benefit from sports skills instruction, engage in sports competition and improve their physical fitness.
2. To help young people acquire good health practices, to help them become better citizens and to acquaint them with career and educational opportunities by utilizing the personnel and facilities of institutions of higher education.
3. To enable the institutions and their personnel to participate more fully in community life and in the solution of community problems.
4. To provide a combination of employment and on-the-job training in sports instruction and administration.
5. To serve disadvantaged areas in the major metropolitan centers of the United States and other areas of need, within the limits of program resources.

PROGRAM FEATURES AND ACCOMPLISHMENTS FOR 1981

1. In year-round operation, served approximately 35,000 youths. Over 90 percent of program participants met CSA poverty guidelines, thus achieving major objective of serving the poor.
2. Provided a free, nutritionally balanced meal daily for each participating youth. In 1981, served more than 800,000 meals.
3. Provided a free medical examination, and follow-up where appropriate, for 44,985 youths.
4. Provided disadvantaged youths an introduction to the higher education community. Boys and girls who otherwise might never have contact with a college or university are welcomed on campus, and given exposure to the benefits available. Many participants later attend college, often receiving help through valuable contacts gained while in the NYSP.
5. Provided instruction in competitive and lifetime sports by college and high school coaches and outstanding athletes. Nearly 35,000 disadvantaged young people received the benefits of organized sports training, instruction and competition.
6. Provided instruction in personal health care, career and educational opportunities, and drug abuse education.

---

* Not including value of national television promotionals.

7. Provided medical and dental insurance for all participants attending the program.

8. Mobilized over $8 million in matching contributions from participating institutions.

9. Mobilized $1,504,656 in contributions from businesses and state and local governments.

10. Performed all of the above at little administrative cost to the Federal Government. Paid less than two percent of Federal funding for administrative expenses. Nearly all administrative costs were paid by the National Collegiate Athletic Association and participating institutions.

11. NYSP projects were planned and developed through NYSP local advisory committees, composed in part of leaders and members of the local poverty community.

12. Continued to evaluate and refine the program.

13. Continued pilot programs for handicapped youth.

PROGRAM STATISTICS: 1969-1981

Number of participants	518,099
Federal funding	$56,863,000.00
Non-federal contribution	$65,507,193.00
Number of jobs created	44,381
Number of positions filled by residents of poverty target areas	30,701
NCAA contribution	$ 670,600.00
U.S.D.A. contribution	$ 7,055,368.24

Statement of Brenda L. Russell

The Child Welfare League of America was the first, and continues to be, the only national, not-for-profit, voluntary membership organization which sets standards for child welfare services in the United States. Our agencies provide the full range of cross-cutting services to children, youth and families. The League is a privately supported organization comprised of 400 child welfare agencies whose efforts are directed to the improvement of care and services for children and their families. The agencies affiliated with the League include all religious groups as well as non-sectarian public and private nonprofit agencies. The League also represents 1,600 affiliated child care agencies through our 27 State Child Care Associations. This means that members and affiliated agencies of the League serve several million children nationally. It also means we speak for over 6,000 volunteer board members and several thousand more direct service volunteers. We are not only an advocacy organization, but our agencies serve children and their families in every state in the country.

A mere 18 percent of the federal government's transfer payments are for people with very limited, or no resources. Although these means-tested programs rep- resent only 18 percent of the transfer payments, 60 percent of the FY 1983 budget cuts are targeted at these programs. These are the programs in which children represent well over half of the recipients. Clearly, children and children's programs are suffering.

We are cognizant that basic economic stabilization is a necessity for a strong America. However, these additional cuts in human service programs will not lead to economic stability, but in the long run will cause increased deficits and human suffering. A perfect example of that is found when you analyze the Adoption Assistance and Child Welfare Act, a program that has demonstrated the cost-effectiveness of providing family strengthening services and adoption subsidy programs for special needs children as compared to the long term costs of the provision of unnecessary out of home care for children. We can quantify the financial costs to taxpayers of unnecessary out of home care, but how do you measure the human cost of denying a child the opportunity to grow up in a permanent loving family?

P.L. 96-272, The Adoption Assistance and Child Welfare Act of 1980

The Administration's budget document gives this rationale for the elimination of P.L. 96-272 through the budget cutting, block-grant process: "Under the current system, States do not have the flexibility to direct their efforts to permanently place children rather than continue foster care arrangements." That statement is totally inaccurate. P.L. 96-272 specifically mandates prevention of unnecessary separation of the children from the parent(s); improved quality of care and services to children and their families; and permanency through reunification with parents or through adoption or other permanency planning.

Realizing that without alternatives to foster care, the system could not be reformed, Congress placed new emphasis on increasing federal Title IV-B child welfare services funds and created a federal Adoption Assistance Program to provide those necessary alternatives: incentives for adoption and family strengthening services.

Only when specific increases in federal Title IV-B child welfare funds were appropriated to provide these alternatives, and shifted to an advanced funding basis, would a cap on federal expenditures for AFDC-foster care be imposed. With the availability of alternatives to foster care it is anticipated that foster care expenditures will decline. Therefore, for any fiscal year in which funds appropriated under Title IV-B Child Welfare Services are insufficient to trigger a nationwide ceiling on foster care funds, States have the option of operating their foster care program under a limitation (formula specified in P.L. 96-272). As an incentive to reduce foster care through the provision of family strengthening services, States may transfer funds from their allotment not needed for foster care under Title IV-E over to the Title IV-B child welfare services program.

Last year Congress reaffirmed its commitment to maintaining the flexibility in P.L. 96-272 and providing necessary alternatives for children in need of services by refusing to eliminate the law and dramatically reduce its funding.

Although the law has not had the opportunity to be fully implemented yet, the Administration is once again proposing its elimination. A new Title IV-E Child Welfare Block Grant is proposed by the Administration which would consolidate Title IV-B Child Welfare Services, Child Welfare Training, Title IV-A/E Foster Care, and the Title IV-E Adoption Assistance program for special needs children. This proposal would eliminate the individual entitlement to care for special needs adoptive and foster children, and it would repeal the Title IV-B child welfare services program for vulnerable children that Congress enacted along with the Social Security Act back in 1935.

The authorization level for the block grant would only be $380 million for FY 1983 and thereafter, a sum that represents a 25 percent funding cut below actual FY 1982 levels, and is a 47 percent reduction from the full implementation funding level as recommended in the law.

With only one limited source of funding to meet the needs of children, States would not have an incentive to provide the additional necessary services to move children out of foster care into families. In fact, States would be hard pressed to move children through the foster care system. The

Congressional Budget Office (CBO) estimates that $346 million will be needed to fund just the AFDC foster care program in FY 1982. Simply applying the Administration's inflation rate of 7.5 percent to the AFDC foster care program would provide a $372 million cost for FY 1983 for out-of-home care for poor children. That would leave $8 million to provide the services necessary to move children through the system. It is inconceivable that family reunification and preplacement preventive services, adoption services and assistance, and training for child welfare personnel could be provided for under such dramatic funding reductions.

Foster care is a sound program that has protected many children from harm, but it has been overutilized due to lack of alternative services for vulnerable children and their families. We must not turn back the clock by making the alternatives to foster care unavailable.

Although the Administration's child welfare block grant proposal has not been transmitted to the Congress yet for their consideration, the Administration assumes passage of this proposal and therefore neglects to request funding for the specific programs in current law under P.L. 96-272. However, the House Ways and Means Committee has no intention of eliminating P.L. 96-272, and it is questionable at this time if the Senate Finance Committee will tamper with this legislation either. Funding for current law is necessary.

The Child Welfare League of America recognizes that difficult choices must be made during these times of tight resources. Since it has been demonstrated that family strengthening services are cost beneficial, both in fiscal and human terms, we therefore request that $220 million be appropriated for Title IV-B child welfare services in fiscal year 1983 (that amount represents the P.L. 96-272 suggested Title IV-B funding level for FY 1982). A $220 million appropriation would provide States with the incentive to make child welfare reform a State priority. The Title IV-A/E foster care and adoption assistance programs should remain entitlements as provided for under P.L. 96-272 with an appropriation level that meets the Congressional Budget Office estimate for FY 1983.

Title XX Social Services Block Grant

This program is the principal Federal funding source for the full range of social services as determined by the State. Approximately 62 percent of the program funds have been expended for services to children and their families. A large percentage of day care for low-income families, which enables parents to work, is provided under Title XX. Increased demand on services offered under the Title XX program is expected now that the impact of other reductions in programs like AFDC, Medicaid, food stamps, housing, CETA, and low-income energy assistance is felt. Additionally, substantial funding cuts have strained the States' ability to implement the bipartisan supported reforms contained in the Adoption Assistance and Child Welfare Act. Any further reduction in the Social Services Block Grant could effectively halt States' efforts to find permanent homes for children.

Under the Omnibus Budget Reconciliation Act (OBRA), the Title XX Block Grant was amended and funding was cut by 23 percent (almost $700 million) for FY 1982. The current funding level for FY 1982 is $2.4 billion as compared to the $3.099 billion it would have been before Reconciliation.

The Administration has requested an additional 20 percent cut ($476 million) for the FY 1983 Title XX program. New appropriations language is proposed that would delete the incremental funding increases established in the OBRA for the program and would also allow Title IV-C Work Incentive Programs (WIN) and WIN demonstration projects to be provided for under Title XX although no additional revenues would be provided. WIN was funded at $365 million in FY 1981 and $256 million in FY 1982, zero funding is requested for FY 1983. The Administration budget request of $1.974 billion would be the total amount of federal funds available for Title XX including the WIN programs and demonstration projects should States choose to continue those programs. The Administration's FY 1983 budget request represents a loss of $1.225 billion (a 38% cut) in federal dollars for Title XX just since August 1981.

In order for States to plan their programs rationally and expend resources in a responsible manner, stabilization of federal funding is needed. States are still reeling from the impact of last year's budget cuts and will not be able to meet the needs of vulnerable children and their families or other individuals in need of services.

Given that this is a period of high inflation and increasing unemployment compounded by a severe winter, families are experiencing greater and greater stress. Unfortunately, too often this stress translates into child abuse and neglect, family disorganization and juvenile delinquency. This increases the need for social services to the family and its individual members.

The recently completed National Study of the Incidence and Severity of Child Abuse and Neglect projects an incidence rate of approximately one million children who are seriously abused or neglected in this country each year. The numbers of these children who are reported to public child protection agencies for investigation and child protective action continues to increase, with the rate of substantiated cases increasing over 17 percent in the last two reporting years.

The vast majority of protective services are provided for through the Title XX program. It is impossible to understand how the Administration expects States to meet a 17 percent increase in the need for protective services alone under a program suffering from a 38 percent reduction (enacted and proposed) since August 1981.

The Senate Finance and House Ways and Means Committee have authorizing jurisdiction over the Title XX program and any legislative changes should be developed through their authorizing process. The League supports the position of not legislating through the appropriations process. We therefore request the Subcommittee to reject the Administration's proposed language and appropriate the full $2.45 billion level for FY 1983, for this capped entitlement program.

STATEMENT OF MARVIN G. FIFIELD

Chairman Schmitt, senators, professional colleagues, and friends. It is an honor to be asked to testify as to the needs of developmentally disabled persons, and specifically, the continuation of the University Affiliated Facilities program to meet these needs. My remarks are based on two very important premises. First, that the developmentally disabled are a very distinct group. Unlike other handicaps the developmentally disabled have combinations of handicaps which affect almost every facet of their lives. Furthermore, their handicapping problems will increase in severity and complications as they get older without proper care and intervention. To meet their needs requires the expertise of many different disciplines. My second premise is that the University Affiliated program is a vital link in our efforts to provide the best and most cost effective services to the developmentally disabled population.

I heartily agree with the findings of Congress that it is indeed "in the national interest to strengthen specific programs, especially programs which reduce or eliminate the need for institutional care to meet the needs of persons with developmental disabilities." (P.L. 95-602).

Economically, it is in the national interest for by modest investment now, we will realize significant savings in future costs of caring for the developmentally disabled. These savings will amount to billions of dollars just within the next decade. (Copeland 1981). Furthermore, it is in our national interest from a humane and human rights standpoint. It is inconsistent that a society that champions the human right to birth and life would ignore the need for dignity and a reasonable opportunity for a life of quality.

No human service program can be better than the training of the people who provide the services. It is people who meet the needs of other people, not laws, regulations, standards, or initiatives. Funds invested in training people is like seed money. The payoff pyramids with years of quality and cost effective service and improved practices.

Prevention and treatment techniques which we thought were outstanding 10 years ago are grossly inadequate today. Likewise the best practices of today will not be considered effective in the decades to come.

Senator, this committee has been very supportive of appropriations in the research area. But research is only beneficial if such information can be applied. If we were to emphasize in a single sentence the thrust of the UAF program it would be the application of research findings into practice. This process of scientific discovery of new information, the application of research findings into practice, systematic evaluation of the effectiveness of such practices and the dissemination of this information is essential if we are to avoid the trial and error techniques which prevent proper care and treatment to the developmentally disabled over the past many centuries. In 1979, over 68,200 clients and their families received direct services through the UAF program. During the same period over 166,000 technical consultations were provided to state and local service providers, parents, and others. Adding to this, the interdisciplinary training provided by the UAF network, one can see that the UAF program has had a tremendous impact. That impact will be lost if the proposed budget cuts in this program are sustained by Congress.

The results of closing and/or dismatling the UAF program include the following:

1. Clients served by UAFs are, in most instances, the most complicated and difficult to diagnose and treat. These are cases generally referred by other agencies in the state and local level. There are over 62,000 clients each year who would not receive service.

2. The benefits from research currently underway addressing prevention and improved diagnostic and treatment would not be realized. The UAFs provide the only systematic effort in the developmentally disabled area to apply research findings into practice and conduct studies to evaluate research application.

3. The dissemination of better and more cost effective techniques to other service providing agencies could not be continued.

Financial support for UAFs comes from a variety of sources: local, state, and federal. The most significant federal UAF support is provided by Maternal and Child Health and the Administration of Developmental Disabilities. It is these two services of support that gives the UAF program focus and enables each center to respond to program needs of the handicapped that are regional and national in nature. Without this small amount of core support, the programs in each center would deteriorate to a group of individual projects, each responding to the expectation of its individual funding source. I know of few instances where such a small amount of federal support has generated so much state, local, and private support and focuses these funds on objectives that are indeed in the national interest. States simply do not have the resource or the national perspective to address these needs. While state funds do support a substantial part of the UAF program, states cannot and will not assume total responsibility for the program. Research is clearly a national function, and the UAF linkage through the 12 mental retardation research centers is a function that can only be accomplished with federal dollars. Also, all

UAFs serve multiple states - and states and universities in the home states of UAFs are only willing to support, at most, the benefits that remain in the state. The Utah UAF, for example, in addition to Utah, provides services to Idaho, Wyoming, and Nevada. The Dine Center serves Navajo in Arizona, New Mexico, and Utah.

Continued support for such activities at a national level through MCH Developmental Disabilities, Rehabilitation, and Education is essential if the needs of the developmentally disabled are to be met and if we are to be in a position to move ahead with more appropriate and cost effective services in the future.

I urge the following recommendations to continue the UAF program as vital to the interests of the developmentally disabled and as sound governing policy in the long run in reducing governmental expenditures.

Recommendations:

FY 1982

There is an urgent need to enact the Supplemental Appropriation for MCH for FY 1982 to save the existing regional resource centers which has taken years to build. These include the UAFs, the hemophelia centers and the genetics projects. Without such appropriations these centers will all be closed or seriously cut back. Legal counsel has advised that such an appropriation would be legal, and may be accomplished by language such as the following.

> "Notwithstanding any other provision of law, appropriation for the MCH Block Grant shall be increased by $25.5 million for FY 1982, with $11 million to go exclusively for expenditures under the federal set aside and $14 million to be distributed acootding to formulas established in the authorized legislation."

FY 1983

1. The $7.5 million appropriation for the UAFs under the DD Act is essential if UAFs are to continue to focus resources from state, local and federal sources on national needs.

2. The MCH Block Grant set aside of 15% should be specified as mandatory in the FY 1983 Appropriations Bill. The MCH Block Grant, in contrast to other block grants specifically calls for federal leadership. The states are simply in no position to obtain highly technical services on their own.

STATEMENT OF ELLEN S. HOFFMAN

Mr. Chairman and Members of the Subcommittee: The Children's Defense Fund appreciates the opportunity to testify before you on the FY 1983 funding levels for a number of key children's programs.

CDF is a national public charity created to provide systematic and thoughtful advocacy on a number of issues that affect children and families. Over the years, CDF has produced lengthy reports on major health, social services, and education programs affecting children. In each instance, we have not only reported on the successes or failures of each program but have also sought to develop a careful and responsible agenda for reform that would help redirect public policies and public funds in a more effective fashion.

The Subcommittee has a record of thoughtful analysis and decisions on federal budget priorities. We urge you once again this year to analyze each appropriations proposal on its merits and reject the administration's notion that all segments of American society suffered equally in last year's budget cutting.

Earlier this year we published A Children's Defense Budget: An Analysis of the President's Budget and Children. In it we tried to assess the impact of the budget cuts and program changes made last year on children and families; and to provide a realistic assessment of what the 1983 administration proposals would do to the most vulnerable groups—children, the poor, minorities, the handicapped—in our society.

We found that a group of critical children's programs were cut by $10 billion in FY 1982. The administration has proposed to cut an additional $8 billion in FY 1983. If we look at a range of programs that affect poor, handicapped, and homeless children and their families, proposed reductions total a massive $27 billion in FY 1983 alone. This includes $22 billion in FY 1983 cuts and a proposed $5 billion in rescissions from enacted FY 1982 budget levels. (Attachments A and B summarize these cuts.)

These new FY 1983 proposed cuts, like the FY 1982 ones, are flagrantly unjust, will cost taxpayers more, not less, money, and will cause widespread human suffering without solving the pressing problems of the nation's economy. Indeed they will add to them.

In our testimony today the Children's Defense Fund (CDF) would like to touch briefly on several children's programs that are cost effective, successful efforts which have enjoyed strong bipartisan Congressional support for years.

HEALTH

Since 1935, the federal government has maintained a commitment to ensuring that mothers and children living in medically underserved areas or without a means of purchasing health services have access to decent health care. This commitment has been partly manifested in the Title V Maternal and Child Health and Crippled Children's Program, now the Maternal and Child Health Block Grant. It is the only federal health program explicitly for children. Approximately 17 million mothers and children receive services ranging from basic prenatal care, checkups, and immunization to the most sophisticated types of medical care for crippling childhood diseases and for newborns in need of intensive infant care. We believe a strong federal commitment to healthy mothers and babies should be a cornerstone of our budget policies. Therefore, the MCH Block Grant should be fully funded at the $373 million authorization level:

o Even before the FY 1982 health care cuts, millions of mothers and children in American went without essential health services. One in 7 children, or 9 million, get virtually no health care. One out of every 77 American infants dies each year. We need a fully operational MCH program to help meet these needs.

o The MCH program is a "bare bones" program and was one of the most severely cut health programs in the FY 1982 budget. Although funding increased by 65 percent from 1982 to 1981, the buying power of the 1981 level was actually 27 percent less than in 1972. The current FY 1982 appropriations level is 29.7 percent below FY 1982 current policy levels. Certain program elements (e.g., hemophilia centers, genetic disease projects, as well as special programs to improve child health and pregnancy outcomes) were cut by 44 percent last year.

o As a result of the severe FY 1982 federal cutbacks, clinics are closing, services are being limited, and mothers and children are being harmed. In Iowa, approximately 1800 children will not get care for congenital heart disease, cystic fibrosis, cerebral palsy; in New Mexico, 2,000 fewer women will get prenatal care and family planning services; in Michigan 21,500 fewer people will get family planning services which the state estimates will result in nearly 9,700 unintended pregnancies; in Arkansas, the transportation system which brings babies from around the state in need of intensive care to Little Rock has been completely cut.

o The services which the MCH Block Grant provides are cost-effective. Without them, overall public spending for health care will rise as children require more emergency room care, more costly treatment services, and increased hospitalization.

EDUCATION

The cuts proposed in the Administration's FY 1983 education budget are a direct attack on the development of the human capital we need if this country is going to regain its competitve edge in the economy and military. We are particularly concerned that highly successful education program for disadvantaged children, Title I, (Chapter I of the Education Consolidation and Improvement Act) would be reduced 50 percent in just two years.

The Administration's proposed FY 1983 cuts for Title I would eliminate some 2.7 million children from the program who were served in the 1981-82 school year and make it possible to serve only 40 percent of eligible children. The Continuing Resolution for FY 1982 already cuts 600,000 children from Title I, forces the layoffs of about 20,000 teachers and aides, and continues the downward spiral for Title I which has already suffered a 12 percent reduction as a result of the FY 1981 rescission. This downward spiral for Title I must stop before it results in irrevocable damage to a program that by all assessments is significantly improving the literacy and educational achievement of children who once were left totally to fend for themselves until they dropped out of school.

We sincerely hope the Appropriations Committee will show your continued commitment to the education of disadvantaged children by restoring the cuts made by the continuing resolution. We ask that you fund Title I at $3.48 billion, the level authorized by the Omnibus Reconciliation Act of 1981.

We also urge you to provide full-funding at reconciliation level of the Education for All Handicapped Children, P.L. 94-142. If adopted, the Administration's budget request and block grant proposal would turn the clock back for more than 4 million children who are handicapped and require some kind of special education.

Education aid to the handicapped is already vastly under-funded. Any substantial reduction in P.L. 94-142 could drive away some states from participating, especially if it is perceived that by withdrawing from P.L. 94-142 the states would only be required to comply with minimal regulations under Section 504. Federal education aid is only about 10 percent. But the Children's Defense Fund has information that if the proposed cuts for special education were enacted, many preschool programs would end. Children would suffer now and our society would suffer in the future. Special transportation for the handicapped could cease in some rural districts, and in urban districts, many special education teachers and aides would lose their jobs. Worst of all, the rights of millions of children to a free, appropriate public education could be in serious jeopardy if states withdrew participation in P.L. 94-142.

HEAD START

Although the Administration labeled Head Start one of its "safety net" programs and originally recommended an increase in FY 1982 to $950 million, this increase would merely have helped Head Start programs keep pace with inflation but not expand. Funding constraints over the past several years have not only limited Head Start programs' ability to serve eligible children, they have also begun to affect their quality. To cut costs, grantees have had to reduce the number of hours of service per day and the number of weeks per year that programs stay open. Teachers receive extremely low salaries (averaging approximately $7,500 per year). Classroom size has increased, staff-child ratios have decreased, and high transportation costs have excluded many isolated rural families from the program. Cuts in other funding sources—Ceta, Title XX, etc.— also threaten to undermine the quantity and quality of Head Start's services.

These cuts should be rejected and Head Start should be funded at its authorized level of $1.007 billion, as opposed to the Administration recommendation of $912 million.

CHILD WELFARE SERVICES

We urge you to maintain, at a minimum, the FY 1982 funding level of $163.55 million for the Title IV-B Child Welfare Services Program. As we have testified before you in the past, this program is a crucial component of P.L. 96-272, The Adoption Assistance and Child Welfare Act of 1980, which became law on June 17, 1980, with overwhelming bipartisan support, after over four years of careful analysis and debate by the Congress.

Continued funding for the Title IV-B program is crucial to the development of cost-effective alternatives to out-of-home placement for needy children and their families. Alternative services, such as a homemaker to help a grieving parent with four young children meet the demands of child care, or a day treatment program to give parents of a handicapped child some relief during the day, can help families stay together and prevent the need for costly out-of-home care for the children. Title IV-B funds are also used to help reunite children who must be placed in foster care with their families. Without such services, these children too frequently grow up in care, apart from any permanent family.

The preventive and reunification services provided with Title IV-B funds are an essential part of the reforms in the 1980 law, which not only redirects current federal fiscal incentives away from out-of-home care and toward alternatives, but also provides fiscal incentives to the states to implement procedural safeguards to protect children and ensure that dollars are well spent. These protections, which states are required to implement as a condition of full funding under the IV-B program, include information systems, case plans, and periodic case reviews to ensure that children are separated from their families only when necessary, are placed appropriately in foster care, provided quality, care, and reviewed periodically.

The cost-effective services and procedural reforms that will be implemented with IV-B funds offer the hope of permanent families to many of the 500,000 children in foster care. Long-range cost savings will be realized when the costs of implementing preventive and reunification service programs and various procedural protections are contrasted with the costs of unnecessarily leaving children, to grow up in foster care.

Benefits for children of the sort just described will only be realized if the Adoption Assistance and Child Welfare Act is implemented by states across the country. Although states have made great strides, much more needs to be done to improve the plight of the half million homeless children in this country and to ensure that the gross public neglect of children by states and localities that prompted passage of P.L. 96-272 is ended. We therefore urge you, as Congress did last year, to reject the President's recommendation that the Title IV-B Child Welfare Services Program, together with the Title IV-B Child Welfare Training Program and the Title IV-E Foster Care and Adoption Assistance Programs, be incorporated in a child welfare block grant. Such action would effectively repeal P.L. 96-272 and eliminate a needy child's entitlement to basic foster care and adoption assistance.

CONCLUSION:

This is the time to invest in rather than turn our backs on children, as the Reagan Administration is doing. Spending billions more on weapons of death at the expense of tools of life for children and families is not the road to peace, stability, growth, and productivity, either within or without.

In 2010—28 years from now when many of us in our late thirties, forties, and fifties will be moving toward or be of retirement age—there will be more elderly people per worker and fewer children as we become an increasingly aging society. Each worker will become more important as fewer become available to support more older dependents. That potential 2010 worker was recently born or is about to be born.

o 1 in 2 will grow up in single-parent family, one-third of whom will be poor. But these are the families already suffering from severe across-the-board cuts in Medicaid, AFDC, food stamps, energy and housing assistance, child care, and jobs.

o 1 in 2 will grow up in a family where all parents work and often face inadequate, even harmful child care arrangements. We are cutting child care.

o 1 in 4 will drop out of school before they graduate and will not be able to read and write and compute well enough to read the want ads or fill out the applications for the rapidly shrinking number of unskilled jobs. Millions more are going through an education system that has not prepared itself to respond to the new demands of an information economy and increasingly competitive world.

o 500,000 are going unnecessarily homeless, in costly foster and institutional care, denied the nurturance and family stability that every child deserves. And the administration would cut new protections and funds to help them grow up in a family.

These policies will cost billions in future remediation (medical costs, foster and institutional care, court costs, jails); in services (welfare dependency, social services); and in lost productivity(joblessness, untrained minds, and unhealthy bodies). And they will cost us more than we can measure as we stray from our historical path of becoming a decent and disciplined society.

Those of us who care about children must help Americans of all persuasions to examine more deeply our feelings and beliefs about what is right and just as well as cost-effective. There is a tremendous need to act now to protect the future not only of today's children, but of the children born tomorrow and next year and in the next decade.

STATEMENT OF ROBERT M. COARD

Mr. Chairman and members of this committee, my name is Robert Coard and I am the Executive Director of Action for Boston Community Development, Inc. in Boston, Massachusetts. I thank you for this opportunity to share some thoughts with you concerning the FY 1983 funding needs for the Community Services Block Grant. I am also here as a representative of the National Community Action Foundation which is the national organization representing the legislative interests of 900 community action agencies nationwide.

These are difficult times for this nation and especially difficult times for the poor as well as for the human service programs that serve the truly needy. For the second consecutive year, the Administration has made proposals to Congress that would virtually end community action programs. Last year, the Administration recommended the elimination of the Community Services Administration and the combining of program funding with other programs in a large, cumbersome, social services block grant. Thanks in a large part to the leadership provided by many of the members of this committee, we were able to achieve a block grant that recognizes and protects the integrity of community action programs.

This year, the Administration proposes $100 million for the Community Services Block Grant - or a virtual shutdown of over 700 of the 900 existing community action agencies.

As I said earlier, these are difficult times for almost everyone in this country. And with a FY 1983 projected deficit that could approach $150 billion or more, it is important that all of us share in the sacrifices needed to put this country back on the road to economic recovery.

So our request is very simple . . . fund the Community Services Block Grant in FY 1983 at the FY 1982 level. This request is entirely consistent with this committee's report to the Budget Committee. In fact, it is less than the majority of members on the Labor and Human Resources Committee recommended to the Budget Committee.

For nearly 20 years Congress and the American people have supported this program. Republicans and Democratic administrations alike have testified before Congress as to their support for community action programs at the local level.

In fact, OMB Director Stockman testified before the House Government Operations Subcommittee on Manpower and Housing last year that he had "No quarrel with community action agencies" but did have concerns with the federal Community Services Administration.

I suggest to this committee that there is no rational for the $100 million dollar administration request for the Community Services Block Grant. The funding level should either be eliminated or at the minimum level authorized last year of 389 million.

Community action agencies continue to achieve the greatest "Bang for the Buck" in operating programs. The average administrative cost of all community action agencies remains under 10 percent. The average pay of the nearly 145,000 people employed by community action agencies is under $4.50 per hour.

Mr. Chairman, community action agencies are still delivering important and vital services to 27 million poor. These programs include:

- Head Start
- Elderly Feeding
- Food Co-operatives
- Canneries
- Gardens
- Weatherization
- Energy Assistance
- WIC
- Outreach and Referral
- Drug Rehabilitation
- Rural Transporation
- Foster Grandparents
- Manpower Training Programs
- Rural Home Repair
- Health Screening and Home Companion Services For The Elderly
- Youth Programs
- Consumer Affairs
- Displaced Homemakers
- Domestic Violence Programs
- Appalachian Regional Commission Programs

You and this committee have a distinguised history of leadership and integrity. With so little Administration support for our programs, this committee is even more important than before.

I only ask that this committee remain true to its course of fairness and compassion. Examine our programs. If they are not working - then do not appropriate the $100 million. But if community action does make a difference in the lives of 27 million Americans - then please appropriate the funds necessary to operate successfully. We're prepared to sacrifice this year, next year, and for as long as it takes to do our part for this country. Please do your part in maintaining the minimum funding level of FY 1982 for our programs.

I thank you for this opportunity to speak before you today and I will be pleased to answer any questions that you may have. I would also like to submit additional comments for the record.

Mr. Chairman, the Low Income Energy Assistance Program is also of great concern to Community Action Programs (CAPs). We urge you to continue full funding at the authorized level for the coming year even though this funding is inadequate.

While the $123 million dollar supplemental appropriation in February will offer many of the hardest-hit states some relief, this winter's harsh weather means many acute needs are not being met. States in the northern tier exhausted the available funds early. In New England alone - Maine, New Hampshire and Vermont - had committed 80% of their original allotment by February 1. We find that everywhere fewer households are being served or benefits are lower than last year or both. Yet more Americans are in poverty this year than last. Energy costs have increased inexorably; an average 25% increase for natural gas, (although some areas have experienced 50% increases,) and 15% increase for fuel oil. Families at or near the poverty level spend 20% of their annual income for energy or up to 80 or 90% of their monthly income in the coldest months.

A recent study of the impact of energy prices on the poor, conducted by our consultants Eisenberg and Power for the Northeast Coalition on Energy Equity, show that the eligible population is in increasingly desperate need. Compared to the 1979-1980 heating season, when the "Iran crisis" began a new spiral of price increases, the Eisenberg and Power study shows that in this past season alone, the poor paid over $3 billion dollars (in uninflated 1980 dollars) more for their home energy. In the 1983-84 season they will pay $3.75 billion dollars more than in 1979, not accounting for inflation. This will mean another 2% of their real income will go to residential energy above and beyond the proportion they spend in 1979. Current levels only begin to cover those needs.

These abstract figures translate into real human hardship. More Americans are going without other necessities to buy winter fuel, and reductions in energy assistance mean more people are cold in their homes. Especially hurt are children and old people who are at risk of serious illness and death. In the face of these realities, the Administration proposes to cut the budget by nearly 25% in 1983 and further reduce energy assistance for recipients of AFDC, food stamps and housing assistance. This spells a death sentence for an unforseeable number of the poor.

For example, whereas States are required to assure that all those in greatest need are served, many States are providing virtually exclusive assistance to those on welfare and other categorical programs and excluding or drastically limiting the participation of the 60% of poor households who are not served by these programs. This is particularly injurious to the elderly pensioner or social security recipient, the population at highest risk. While the state of Texas is undoubtedly the worst offender in this regard, CAPs in many states are reporting this bias in state programs.

Similarly, the law requires priority be given to the elderly and handicapped. Yet the outreach efforts which are essential to serving this population are curtailed or eliminated in numerous states and mere lip service is being paid to this requirement.

In fact, the reports from many states which our organizations receive, indicate that virtually every provision of the Act is being violated somewhere in at least one state. HHS is not even collecting information on state programs and their adherance to the Act, much less enforcing the law.

This loose control of performance has meant that some part of the funds were not spent where the real need is. Low income households, particularly those not on welfare, were in many cases not reached. Crisis needs were unserved. The elderly in particular seem to have been shortchanged in both benefits and enrollment. In numerous cases, states failed to plan for release of the full appropriation, preferring to confine themselves to the OMB-mandated level of $1.4 billion. This lack of foresight, and of confidence in the insistence by Congress that funds be released timely, means that a few states have funds remaining after spending according to their pre-continuing resolution plan. Other have purposely reserved 25% of much needed assistance for carryover to maintain their administrative machinery in the event of long delay in the 1983 funding.

Mr. Chairman, with adequate federal oversight to assure funds are targeted to the neediest, the current level could have been far more effectively allocated. Community Action Agencies strongly urge more, not less federal presence in this program. HHS should be required to review and approve or disapprove state energy assistance plans based on whether these conform to the law. Programs should be monitored and evaluated to be sure the poor are getting the funds meant for them. We see this as an assurance that assistance is properly and efficiently targeted. As matters stand now, there is a crying need for more energy assistance among underserved or unserved households, some of which could have been alleviated by this year's program.

We hope the members of this subcommittee will continue the record of firm support for this critical service and reject the Administration's cuts while strengthening the program's administration.

ATTACHMENT A

Effects of Budget Cuts on Selected Children's Programs

Selected Federal Programs Vital to Children and Families[a]	Current Program Level[b] (millions)	FY 1983 Proposed Cut[c] (millions)	FY 1983 Proposed Cut[d] (percent)	Total Cut by Reagan Administration[e] (percent)
Categorical Grants				
Compensatory Education (old Title I)	$ 2,886	$ 944	- 32.7%	- 51.0%
Handicapped Education (P.L. 94-142)[f]	1,042	196	- 18.8	- 29.6
Maternal and Child Health Block Grant[f]	348	0	0.0	- 29.7
Mental Health Block Grant	432	0	0.0	- 26.3
Child Welfare, Foster Care, and Adoption Assistance[f]	492	112	- 22.7	- 29.4
Child Abuse State Grants	7	2	- 31.3	- 37.8
Social Services Block Grant	2,400	426	- 17.7	- 36.3
Juvenile Justice and Runaway Youth	81	74	- 91.8	- 94.8
Head Start	912	0	0.0	+ 0.9
Energy Assistance[g]	1,752	452	- 25.8	- 29.7
Supplemental Food (W.I.C.)[f]	934	282	- 30.1	- 36.6
Child Nutrition (School Lunch, Breakfast, Child Care Food, others)[f]	3,504	680	- 19.4	- 44.3
Job Corps and Youth Employment[f]	1,418	366	- 25.8	- 59.1
Major Entitlements				
Aid to Families with Dependent Children (AFDC)	6,609	1,155	- 17.5	--[h]
Medicaid	14,461	1,536	- 10.6	--[h]
Food Stamps	11,825	2,294	- 19.4	--[h]
Total	$ 49,103	$ 8,518	- 17.3	--[h]

Notes

[a] A larger list of programs of importance to children and families can be found in the Appendix. Housing programs, shown in the Appendix, are not included here only because their multi-year budget authority would appear disproportionate -- the housing programs themselves are obviously vital to low-income children.

[b] This is FY 1982 budget authority as set in the Continuing Resolution (P.L. 97-92) or its successor appropriation acts for the categorical programs. For the major entitlements, this shows FY 1983 current service estimates from the Office of Management and Budget, based on the provisions of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35).

[c] These cuts do not include either the uncompensated effect of inflation upon the categorical programs -- at least $800 million -- nor the effect of President Reagan's rescission proposals for additional reductions in FY 1982 budget authority beyond those already enacted by Congress -- approximately another $5 billion.

[d] This is column two as a percentage of column one. An accounting change in the Medicaid program leads to some underestimate of the actual percentage of current services lost to low-income children and their families.

[e] The base figures from which these percentages were computed are in the Appendix table. The percentages reflect all the changes enacted or proposed by the President since he took office, including FY 1981 rescissions, FY 1982 reductions, proposed FY 1982 rescissions, and FY 1983 proposed reductions. They understate the loss of actual services in general since they contain no allowance for price increases from FY 1982 to FY 1983. These percentages cannot now be computed for the major entitlements because we lack credible estimates of the impacts in FY 1983 of the changes enacted for FY 1982 in P.L. 97-35. For the categorical programs shown here, the loss totals $8.770 billion out of $21.443 billion, or 40.9 percent.

[f] Most of these programs (which include some smaller entitlements) are proposed for inclusion in the several new or enlarged block grants described in the Administration's budget message to Congress for FY 1983.

[g] Does not include a $123 million supplemental added by Congress after the President's budget was submitted.

[h] The corresponding percentage cannot be computed; see note e.

ATTA IENT B

Categorical Children's Programs, FY 1982 and FY 1983

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Child Care and Child Welfare						
Head Start	$ 904.0	$ 911.7	$ 911.7	$ 912.0	0.0%	+ 0.9%
Social Services Block Grant	3,099.0	2,400.0	2,400.0	1,974.1	- 17.7	- 36.3
Indian Social Services	33.7	26.3	26.3	22.0	- 16.4	- 34.8
Work Incentives (WIN)	394.9	245.8	245.8	0.0	-100.0	-100.0
Appalachian Area Development	159.4	59.2	59.2	0.0	-100.0	-100.0
Community Services Block Grant	586.1	336.5	336.5	100.0	- 70.3	- 82.9
Rehabilitation Services[g]	1,045.1	953.5	953.5	650.0	- 31.8	- 37.8
Runaway Youth	11.0	10.5	10.5	6.6	- 37.2	- 39.9
Juvenile Delinquency Prevention	116.4	70.0	70.0	0.0	-100.0	-100.0
Child Abuse State Grants	7.4	6.7	6.7	4.6	- 31.3	- 37.8
Social Service Demonstrations[h]	48.4	29.5	29.5	30.8	+ 4.4	- 36.3
Foster Care[i]	346.0	321.6	321.6	-		
Adoption Assistance[i]	10.0	10.0	10.0	-		
Child Welfare Services	177.0	156.3	156.3	-		
Child Welfare Training	5.6	3.8	3.8	-		
New Block Grant	538.6	491.7	491.7	380.1	- 22.7	- 29.4
Subtotal	$ 7,482.6	$ 6,033.0	$ 6,033.0	$ 4,080.2	- 32.4	- 45.5

Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Child Health						
Preventive Health Block Grant	$ 107.4	$ 81.6	$ 81.6	$ 81.6	0.0%	- 24.0%
Mental Health Block Grant	585.8	432.0	432.0	432.0	0.0	- 26.3
Community Health Centers Block Grant	350.5	248.2	248.2	-		
Black Lung Clinics	4.9	3.2	3.2	-		
Migrant Health	46.8	38.1	38.1	-		
Family Planning	175.1	123.7	123.7	-		
New Block Grant	577.3	413.2	413.2	416.8	+ 0.9	- 27.8
Development Disabilities	64.2	58.7	58.7	41.7	- 29.0	- 35.0
Immunization	32.9	28.3	28.3	28.9	+ 2.0	- 12.4
Venereal Disease Provention	51.6	38.4	38.4	45.6	+ 18.9	- 11.5
Maternal and Child Health Block Grant (excludes W.I.C. transfer)	494.6	347.5	347.5	347.5	0.0	- 29.7
Subtotal	$ 1,913.9	$ 1,399.7	$ 1,399.7	$ 1,394.1	- 0.4	- 27.2

Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Nutrition						
School Lunch[j]	$ 2,738.5	$ 2,045.4	$ 2,045.4	$ 2,220.9	+ 8.6%	- 18.9%
School Breakfast[k]	413.2	335.0	335.0	-		
Child Care Food[k]	391.0	276.9	276.9	-		
New Block Grant	804.2	611.9	611.9	448.0	- 20.2	- 39.3
Child Care Equipment	15.0	0.0	0.0	0.0	0.0	-100.0
Summer Food	132.1	61.1	61.1	0.0	-100.0	-100.0
Nutrition Education	16.6	5.0	5.0	0.0	-100.0	-100.0
Commodities	395.5	75.7	75.7	79.0	+ 4.4	- 80.0
Special Milk Program	121.9	28.1	28.1	0.0	-100.0	-100.0
Supplemental Food (W.I.C.)[l]	1,028.5	934.1	934.1	652.5	- 30.1	- 36.6
State Administrative Cost	44.5	44.5	44.5	35.4	- 20.4	- 20.4
Subtotal	$ 6,101.0	$ 4,437.8	$ 4,437.8	$ 3,475.8	- 21.7	- 43.0

Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Education Programs						
Compensatory Education[m]	$ 3,961.0	$ 2,886.0	$ 2,474.[illegible]	$ 1,942.0	- 32.7%	- 51.0%
Handicapped Education[m]	1,201.5	1,042.1	783.5	845.7	- 18.8	- 29.6
Bilingual Education	194.0	138.1	126.6	94.5	- 31.5	- 51.3
Vocational and Adult Education	1,021.5	739.7	633.9	500.0	- 32.4	- 51.1
Indian Education	89.5	77.9	71.6	51.1	- 34.3	- 42.9
Follow Through	44.3	19.4	0.0	0.0	-100.0	-100.0
Women's Educational Equity	10.0	5.8	0.0	0.0	-100.0	-100.0
Civil Rights IV-A Centers	45.7	24.0	0.0	0.0	-100.0	-100.0
Higher/Continuing Education[n]	447.6	358.6	326.8	247.2	- 31.1	- 44.8
Student Financial Assistance[o] (Pell, Work/Study, Direct)	4,482.6	3,352.5	3,211.0	1,800.0	- 46.3	- 59.8
Subtotal	$11,497.6	$ 8,644.1	$ 7,627.8	$ 5,480.5	- 36.6	- 52.3

Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Miscellaneous						
Public Service Employment	$ 3,800.0	$ 0.0	$ 0.0	$ 0.0	-100.0%	-100.0%
Job Corps	607.0	586.0	586.0	387.0	- 34.0	- 36.2
Other Youth Employment[p]	1,966.0	832.0	832.0	665.0	- 20.1	- 66.2
Low-Income Energy Assistance	1,849.5	1,752.0	1,752.0	1,300.0	- 25.8	- 29.7
Legal Services	344.0	120.5	120.5	0.0	-100.0	-100.0
Community Development Block Grant	4,038.0	3,966.0	3,966.0	3,335.2	- 15.9	- 17.4
Low-Income Housing (Section 8)	24,956.5	14,485.7	14,485.7	3,804.6	- 73.7	- 84.8
Public Housing	9,376.0	2,374.2	2,374.2	2,323.8	- 2.1	- 75.2
Subtotal	$46,937.0	$24,116.4	$24,116.4	$11,815.6	- 51.0	- 74.8

Notes

[a] Current Policy Level is the funding needed during FY 1982 to provide the same services as were funded by the FY 1981 appropriations in effect at the time President Reagan took office. The base is FY 1981 level before any rescissions (reductions) imposed by the new Administration. Most estimates are those provided congressional committees by the Congressional Budget Office. In a few cases, current service estimates (a similar concept that differs primarily in the extent of adjustment for inflation) or FY 1981 appropriation levels were used by CBO where estimates were not available, or inapplicable.

[b] The FY 1982 funding level, as of February 8, 1982, set in the Continuing Resolution (P.L. 97-92, expiring March 31, 1982) or subsequently enacted appropriations and adjusted within the President's discretion permitted therein. In virtually every case, these amounts are greater than the levels proposed by the President on September 30, 1981, for FY 1982.

[c] These are the levels proposed by the President in his February 8, 1982 budget message to Congress for FY 1982. All the proposed rescissions (reductions) affect education programs.

[d] These are the levels proposed by the President in his February 8, 1982 budget message to Congress for FY 1983 budget authority. (Budget authority is the right to commit the federal government to make an expenditure; where the expenditure is actually made, the budget authority is thereby converted to an outlay.) These figures come from the FY 1983 Budget Appendix or, in a few cases, from agency materials distributed to the press on February 6, 1982.

[e] This is the percentage change from the FY 1982 funding level in effect now (column 2) that would occur if the President's FY 1983 proposal is enacted by Congress. Since the FY 1982 funding levels have not been adjusted for projected inflation from FY 1982 to FY 1983, this percentage accurately reflects cuts in dollars available but underestimates reductions in the amount of services or value that would be lost.

[f] This is the percentage change from the FY 1982 current policy level (column 1, reflecting FY 1981 dollars adjusted for price increases to a FY 1982 equivalent level of services or value) that would occur if the President's FY 1983 proposals (column 4) is enacted by Congress. As in the previous note, there is no adjustment for inflation between FY 1982 and FY 1983. Thus this percentage understates the true loss of services or value proposed by the President since he took office.

[g] Includes $28.6 million in FY 1982 and $26.5 million in FY 1983 for the National Institute of Handicapped Research; FY 1982 current policy estimate also includes the Institute.

[h] Includes Adoption Opportunities, University Affiliated Facilities and Developmental Disabilities demonstration projects, and discretionary research in Child Welfare, Child Abuse, and other social services. The Office of Human Development Services will determine the specific allocations later.

[i] These are currently entitlement programs; FY 1982 estimates may therefore be too low.

[j] School Lunch is technically an entitlement (as is School Breakfast), but is shown here as if it were a fixed appropriation.

[k] The proposal is to block grant School Breakfast and the Child Care Food Program. The implied funding for FY 1983 would be $375.5 million for School Breakfast (if it remained an entitlement) and thus $112.5 million for Child Care Food, a cut of 59.4 percent from FY 1982, and 71.2 percent from the level the program had reached before the Administration began cutting.

[l] The proposal is for W.I.C. to be combined with the existing Maternal and Child Health Block Grant. The FY 1983 level shown here is the level implied for W.I.C. in the combined program.

[m] The proposal is for a repeal of P.L. 94-142, the Education for All Handicapped Children Act, and the block granting of its dollars along with the state school component (P.L. 89-313) of old Title I of the Elementary and Secondary Education Act (now Chapter I of the Education Consolidation and Improvement Act), compensatory education. P.L. 89-313 funds are shown in compensatory education, above: $146.5 million in FY 1982 before rescissions, $116.2 million after rescissions, and, of course, zero in FY 1983.

[n] Upward Bound, Developing Institutions, Graduate Programs for the Disadvantaged, Foreign Language Studies, and several smaller college-level programs, including aid to land grant colleges, first enacted under President Lincoln in 1862.

[o] Also includes minor programs, but does not include guaranteed student loans.

[p] Young Adult Conservation Corps (abolished during FY 1982), and Youth Employment and Summer Jobs proposed for inclusion in an Employment Block Grant in FY 1983. The FY 1983 levels shown assume that states use the proposed FY 1983 Block Grant funds in the same proportions in the FY 1982 programs replaced.

Entitlement Programs, FY 1982 and FY 1983

Program	FY 1982 Approximate Current Policy	FY 1982 Reduction In Effect P.L. 97-35	FY 1982 Further Reduction Proposed	FY 1983 Current Policy	FY 1983 Reduction Proposed
Food Stamps	$ 12,311	$ 1,658	$ 273	$ 11,825	$ 2,294
Percent of Current Policy	100.0 %	13.5 %	2.2 %	100.0 %	19.4 %
AFDC	$ 6,893	$ 1,000	$ 166	$ 6,609	$ 1,155
Percent of Current Policy	100.0 %	14.5 %	2.4 %	100.0 %	17.5 %
Medicaid	$ 20,138	$ 1,193	$ 977	$ 14,461	$ 1,536
Percent of Current Policy	100.0 %	5.9 %	4.9 %	100.0 %	10.6 %
Totals	$ 39,342	$ 3,851	$ 1,416	$ 32,895	$ 4,985
	100.0 %	9.8 %	3.6 %	100.0 %	15.2 %

STATEMENT OF GEORGE TELISMAN

Mr. Chairman, thank-you very much for allowing me and the Western Gerontological Society (WGS) this opportunity to share its views on the Older Americans Act, Titles III and IV and the Social Services Block Grant as it interfaces with Title III. I am George Telisman, Treasurer of the WGS Board of Directors. WGS has served those working with and for elders since 1954. It currently has 3500 nationally representative members reflecting many disciplines and settings. WGS is unique in the diversity of its membership and is particularly proud that those who work directly with elders are able to join with educators, researchers, administrators, business leaders and elders themselves to share ideas and solve problems.

Although today's testimony is necessarily limited, we must note that the OAA is one important link in a complex, frequently interconnected and overlapping puzzle of programs and services designed to help assure elders a reasonable quality of life. As such, the negative consequences of proposed cuts in the OAA cannot be fully understood apart from their interplay with anticipated losses in other federal and state programs. Today, many older people face an uncertain future. The attrition of services will not be felt all at once and the damages not known immediately, but there is no question that people will hurt. It would be wiser to examine the policy before we destroy the programs.

With that as prelude, we turn to the OAA which assumed the general shape we know today with the 1973 amendments. In the nine years since, 670 Area Agencies on Aging (AAA) have been created to provide a community-level focus for aging services. With core federal support a number of community and social services are now in place. Firmly established in communities around the country, AAAshave become vehicles for continued program development necessary to assure that an ever growing population of elders, particularly frail elders, the fastest growing segment, will receive needed social support services. Over the past 9 years, millions of older people have been positively affected by Title III meals, transportation, referral, information, counseling and in-home services.

Even though financial limitations have impeded the AAAs' ability to develop a full range of services, they have had the rare opportunity to serve as system builders, to pull together and, as necessary create, the varied programs, financial and in-kind resources necessary to support older people in the community. They have also represented older constituents in the private and in the public, non-federal sector developing new resources and helping to secure important state legislation.

And as important, many Area Agencies have been able to use their community presence and function supported by Title III funds to lever additional funding from multiple funding streams. With funds from the states, cities and counties, from Title XIX, Title XX, ACTION, revenue sharing and private sources under their administrative control, Area Agencies have planned for and assured the targeting of resources to needs identified through a community planning process. Impressive composite data indicates that AAAs have, in the aggregate, succeeded in doubling the resources available to serve older people. That is, only 51% of their budget derives from Title III. (Data from a N4A, NASUA study). For every $1 they have spent in program development and coordination activities, they have generated an additional $20.22. (Study: N4A). Title III resources, however, remain critical for the core funding of projects, for vital program development and coordination and for those AAAs without significant external support.

Funding levels proposed for the Older Americans Act in the Administration's budget proposals for FY 83 threaten to upset the tenderly balanced link between service needs and available resources. The emerging service system, depending upon a complex and not always complementary interrelationship of parts, is too fragile for it not to feel profoundly the effects of even small changes. And we are looking at major changes at a time when there are more older Americans than ever before. Let us look at these inter-relationships, a "domino theory" of health and social service programs.

Even without inflation, proposed funding cuts would seriously affect services. Add inflation, and services decline further. On top of that, since AAAs receive more than 50% of their funding from sources other than Title III, the future status of other income sources also affects services.

For example, AAAs' state revenues will drop as states compensate for Medicaid and Title XX cutbacks. Before long, counties and cities will feel the ripple effect of the states' fiscal crises; AAAs' county and city funds will decline. For Title III C (nutrition) the Administration expects that increased participant contributions will compensate for lost revenues. However, the financial squeeze that participants will experience from other cutbacks will undermine their ability to contribute; hence, expectations that a significant increase in participant donations will compensate for a 28.6 million dollar cut seems unduly sanguine.

A small percentage of AAAs have also raised private funds, a source that the Administration favors. However, Area Agencies which lack pre-existing relationships with these sources will face serious obstacles in their efforts to generate funds. The competition will be fierce and their long association with public funds will disqualify them from consideration by the many foundations and corporations which will not fund agencies which have derived a substantial portion of their budget from federal sources.

Redirections in or threatened elimination of job programs (CETA) and Senior Community Service Employment Program will also be felt heavily since AAAs have used these programs to meet many staffing needs.

These capsule examples suggest the extent to which the Area Agencies' resource base is intertwined with and hence affected by a complex array of factors and events which transcend specific Title III appropriations.

The proposed cutbacks in Title III funding, with no new funding sources and declining funding from current sources must result in an absolute reduction in services. Fewer life sustaining services will be available to meet the needs of more people. Simultaneously, many will also lose food stamps and certain Medicaid services, pay more for Medicare and perhaps for Medicaid, face increases in rents for assisted housing or give up hope of ever having assisted housing. They will also have to choose between food and heat because of cuts in weatherization programs and low income energy assistance. Hence, WCS strongly recommends that funding levels for FY 83 for the Older Americans Act, TitleIII be restored, at a minimum, to levels available in FY 82. Federal funds provide that dependable care, essential for the generation of programs and additional resources.

The research, training and discretionary programs under Title IV of the OAA have undergirded many of the advances made in serving elders. The Administration is proposing a cut of 1.8 million on top of the 50% reduction contained in the 1981 continuing resolution. Yet Title IV programs are essential to the provision of high quality direct services to older Americans. No one is born knowing how to take care of people, how to coordinate disparate services and funding sources or to provide long term care in community settings.

In addition to training, the knowledge generated by research which is communicated by training affects the appropriateness and effectiveness of service programs. There are no funds from other federal agencies including those for the National Institute on Aging, to support research in applied health services, social services and policy currently the domain of Title IV.

WCS opposes any cuts in Title IV and is pleased to second the testimony of the Association for Gerontology in Higher Education in regard to Title IV.

Finally, I want to address Title XX, now consolidated into the Social Services Block Grant, as it interfaces with the OAA. Through inter-title transfers or general availability of Title XX resources, the AAAs have been able to prevent premature and costly institutionalization for the most vulnerable and needy older person.

Title XX is the largest source of federal funds for social and supportive services and is often used to fill the gaps or expand other social service programs. With the proposed cuts we can expect that program losses will be severe. Even in FY 82 Title XX's 2.4 billion appropriation will buy 1/2 what was available in 1974, the first year that Congress capped Title XX spending at 2.5 billion.

For FY 83, the Administration proposed a further 17% reduction in spending claiming, however, that services can be maintained because states will have greater latitude in using the funds available, and will save money because of reduced administrative expenses. This argument fails to account for several variables. For one, Title XX social services have not had a significant increase in funding since their inception; in fact, Title XX has steadily declined in constant dollar terms. Second, states have already taken advantage of the administrative flexibility that Title XX offers; there are few, if any, further savings possible through greater administrative latitude. Displaying remarkable inventiveness in their efforts to preserve service programs, many states have mitigated the potential damage of the first round of human service cuts. But they have probably exhausted those possibilities and also used to the limit their ability to protect services through inter-title transfers. Simultaneous cuts in Titles XIX and XX, for example, will lessen the possibility of positive interrelationships that emerged from funding flexibility. WCS believes that elders would suffer most dramatically from state efforts to compensate for Title XX losses since they have been ill-served historically by non-categorical programs. We recommend, at a minimum, maintenance of funding at FY 82 levels.

CONCLUSION

In closing, I stress that a delicate balance exists among programs serving elders. Not only are service levels provided by AAAs dependent upon federal funding for the OAA but they are closely interrelated with the general level of other federal, state, county, city and private resources. A decrease in participant income in employment programs or in-kind resources because of cutbacks in other programs will further decrease service availability. Although an impressive range of programs and services have developed over the past nine years, there are still major gaps. The service system is balanced but just so -- small changes may topple it.

And contrary to the notion of a safety net, the health-impaired, home-bound or vulnerable elder, least able to manipulate his/her environment, those with the least options will be hurt the most.

The slow but steady erosion of program support threatens to destroy, with no replacement, that which has evolved during the last decade. Explicitly and implicitly the Administration has handed state and local jurisdictions the burden of making tough allocation decisions and in some cases presiding over the demise of services vital for well-being: meals, supportive services, home health care. To do so, states have been granted increased regulatory discretion. But as decisionmaking becomes more decentralized so too does the ability to hold anyone accountable for services delivered or not delivered to target populations. Indeed, target populations themselves may shift.

We hope that Congress, with the cooperation of interested groups and individuals, will reexamine both the role of the federal government in service provision and the goals of the OAA and Title XX. As the federal government removes itself from the role of regulator or standard-setter, national attention must be focused on basic questions -- who do we serve? for what purpose and by what means? We recommend that Congress request an examination of alternative policy goals and structures and delegate representatives to participate in that examination.

We look to Congress to lead us in the efforts to protect vital services for older Americans. Thank-you for the opportunity to present our views.

DEPARTMENT OF HEALTH AND HUMAN SERVICES PANEL

STATEMENTS OF:

DR. WILLIAM H. DANFORTH, CHANCELLOR, WASHINGTON UNIVERSITY, ST. LOUIS, MO.

CHRISTINE STEVENS, SECRETARY, SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

JAY B. CUTLER, PRESIDENT, COALITION FOR HEALTH FUNDING

Senator ABDNOR. Our second group of panelists this afternoon will discuss the Department of Health and Human Services in general. I'd ask those people to come up.

I already know who Dr. Danforth is. He looks a lot like his brother, I believe.

Dr. DANFORTH. I thought he looks like me. [Laughter.]

Senator ABDNOR. Well, maybe. I'd better check that out, Dr. Danforth. We welcome you here. I'm sure it's not the first time that you've been before our committee. As a matter of fact, this being a smaller panel, it works out that we'll give you each 5 minutes, if we can. I know that's a lot of ground to cover in a short time, but, unfortunately, I guess that's the way we have to operate today.

So without any further to-do here, Dr. Danforth, would you care to present your statement? Now let me assure you folks, too, that we certainly intend to make the entire statement a part of the record.

Do you have any particular order that you want to go in?

Mr. CUTLER. I think that Dr. Danforth is going to lead off, with Mrs. Stevens, and then I'll follow up, Mr. Chairman, if it's all right with you.

Senator ABDNOR. All right. Go right ahead, Doctor.

STATEMENT OF WILLIAM H. DANFORTH

Dr. DANFORTH. Mr. Chairman, I am William Danforth, chancellor of Washington University. I testify today on behalf of the Joint Committee on Health Policy of the Association of American Universities, the American Council on Education, the National Association of State Universities, and Land Grant Colleges.

Every major academic health center in the United States is a member of the committee and hundreds of institutions represented by the committee conduct the preponderance of our Nation's biomedical research. The joint committee supports the budget proposals of the Coalition for Health Funding for the National Institutes of Health in fiscal 1983. We are in agreement with the Association of American Medical Colleges as well.

Mr. Chairman, this subcommitee has, over many years, recommended appropriation levels for NIH significantly above those requested by the administration and frequently above those ultimately enacted. Within the biomedical research community, there is genuine appreciation for this strong and sustained support.

Nevertheless, fiscal turmoil and its accompanying effects on the appropriations process, has had a momentous effect on the total funding of research and has specifically resulted in a significant decline in support for research and research training at NIH.

The number of trainees for careers in biomedical research have dropped from almost 11,000 to 8,900 during the last 3 years and in constant dollars over the same period, funding for NIH has fallen by over $500 million, estimated conservatively.

We are all grateful for this subcommittee. With your help, we have built a research enterprise that is unparalleled in the world. The partnership between universities and the Federal Government has allowed us to extend the horizon of knowledge and improve the health of citizens.

However, Mr. Chairman, there is a proposal for a major policy change that we believe threatens this valuable partnership. That is the proposal by the NIH to reduce by 10 percent the reimbursement for indirect costs. On the surface, a reduction in reimbursement for expenditures for indirect costs may seem desirable, for it gives the appearance of increasing funds for individual research grants. However, such a policy obscures the real facts. Unfortunately, there is still no free lunch. The costs merely would be transferred from the Government to universities and the national research effort weakened.

The indirect costs are complicated. Basically, the Federal Government reimburses universities after the fact for expenditures already made for items such as utilities, maintenance, and so forth. These expenditures clearly are essential for the conduct of federally-sponsored research. Guidelines are set out in circular A-21, which specifies that institutions are reimbursed an appropriate percentage of expenditures in well-defined cost pools.

For example, a university might be reimbursed 20 percent of its utility expenditures if 20 percent of the utilities are used for federally-sponsored research.

In this case, if a dollar is saved, the university benefits by 80 cents and the Federal Government by 20 cents. This method gives universities every incentive to hold down overhead costs.

The system has been working well. Now, suddenly, without prior consultation, the NIH has announced its intention to reduce indirect cost reimbursement by 10 percent. As far as I can determine, there are two reasons for this action, both good. First, to hold down indirect costs that have been rising faster than direct costs. Unfortunately, good intentions by the NIH and all the institutions combined can have no appreciable effect on the true indirect rates—energy costs, personnel costs, and the costs of governmental regulations. These costs are determined by forces beyond our control. Even the NIH itself cannot hold down these costs.

The idea of getting more research for fewer dollars is understandable, but it just won't work. In order to make up the difference, we would have to increase the tuition to our medical students by 40 percent in order just to balance our budget. It just is not feasible.

Senator ABDNOR. Did you say 40 percent?

Dr. DANFORTH. Yes; in order to make up for a 10-percent cost in indirect reimbursement, our other source of major income, our tuition, would have to be increased by 40 percent. This is for the medical school part of the university.

Finally, the action proposed is arbitrary, as the universities see it, a repudiation of agreements negotiated in good faith. Such action weakens or threatens weakening a great partnership between the public and the private sector.

We hope that the restoration of full reimbursement of these institutional costs would be seen as being something of critical importance. The proposed policy change for reimbursement of indirect costs obscures the central fact that the 1983 proposed budget does not provide adequate funds for investigator-initiated research.

We urge, Mr. Chairman, that the funds for NIH and ADAMHA be increased to fulfill the obligations.

I thank you very much.

Senator ABDNOR. Thank you, Dr. Danforth. Ms. Christine Stevens?

Dr. DANFORTH. Mr. Chairman, may I be excused to catch a plane? I apologize for leaving early.

Senator ABDNOR. I apologize for the delay in getting started here, too. Thank you, Dr. Danforth. We appreciate your being here.

STATEMENT OF CHRISTINE STEVENS

Ms. STEVENS. Thank you, Mr. Chairman. I am Christine Stevens, secretary of the Society for Animal Protective Legislation. I want to discuss encouragement of the adoption of the use of animals and substitutes for them in experiments. May I ask that my statement be placed in the record in full?

Senator ABDNOR. Yes; I'm sorry I didn't state that.

Ms. STEVENS. And I will just highlight it.

Senator ABDNOR. Everyone's entire statement will be made a part of the record. Just proceed.

Ms. STEVENS. Thank you, Mr. Chairman.

As requirements for testing of all types of products increase, the urgent need to develop safe, effective substitutes for animal tests becomes more and more apparent. The Society for Animal Protective Legislation is deeply concerned about severe suffering inflicted on massive numbers of animals in these tests.

We are concerned, too, with the expenditure of tax funds and with the long periods required for completion of many animal tests. For example, testing for carcinogenesis may require 2 to 3 years at a cost varying from $200,000 to $1 million for a single substance.

By contrast, nonanimal tests may pick up the carcinogenic properties of the same substance in a matter of days and at a cost of about $1,000. Although animal tests are still considered to conform more closely to the effects on human beings, this is not always true. There are cases in which the bacterial tests uncovered dangerous products which had been in regular use after passing the animal tests with flying colors.

Despite this fact, funds available for developing alternative tests are in very short supply. A particularly promising area is the development of batteries of nonanimal tests that check against each other, both for false positives and false negatives. A major effort is needed to validate existing tests and to develop additional ones.

Private industry has, within the past year, invested substantial funds in this field. These funds resulted from active campaigning by the many groups and individuals who want to see an end to painful testing methods, many of them having very little scientific merit.

A recent poll of the readers of the magazine Glamour showed that 84 percent oppose the use of animals for painful tests of cosmetics. Specifically, the question in the October 1981 issue was: "Should we continue to conduct tests on animals to aid in the development of safe cosmetics?"

Since the readers of Glamour must be among the best customers cosmetics firms have, that the overwhelming majority votes against such tests demonstrates the degree of concern the public has about the suffering of test animals.

And here I list the grants, $750,000 to Rockefeller University; what ended up to be $1 million to Johns Hopkins; $100,000 to Tufts University Medical School; $176,000 to the Medical College of Pennsylvania.

Now these are from the private sector. In Canada, the Natural Sciences and Engineering Research Council announced in its February 1982 Contact that it, "has asked its grant selection committees to discuss the use of alternative methods with applicants during site visits, to assess carefully the methodology of research projects where substitutes could be envisaged, and to encourage grantees to explore the possibility of using alternative methods."

Then I quote at greater length from the announcement following on pages 2 and 3, showing that in Canada, very careful thought has been given to this.

Similar encouragement should be given to the development of alternatives in this country. And so far, Mr. Chairman, we do not have anything like that from the appropriations—there isn't any money being specifically appropriated for this purpose, with one exception, and that is in the national toxicology program.

A 3-day symposium was held last year by the National Institutes of Health in collaboration with other agencies participating in the national toxicology program, entitled, "Trends in Bioassay Methodology: In Vivo, In Vitro, and Mathematical Approaches."

A few months later, a symposium was held in Sweden, with the assistance of the Karolinska Institute on the LD50 test. A major emphasis by scientists participating in this symposium was the enormous waste involved because of frequent use of unnecessarily large numbers of animals, much of which appears to stem from bureaucratic inertia.

In a paper by a leading Swiss toxicologist—he's from a pharmaceutical firm—there were a series of proposals made which, Mr. Chairman, in view of time, I won't read, but they all addressed the LD50 test, which involves very severe suffering for enormous numbers of animals.

So what we would propose is that they be validated with sufficient appropriations to make the validation of these proposals effective.

Further, appropriations for the national toxicology program should be accompanied by a directive to reserve the level of expenditures. The major expenditures should be made on development of improved tests. Where it is believed that animal tests must be carried out, this can be done by the manufacturer under Federal inspection and observation. It should not be a cost borne by the taxpayer, to place the cut down on what the taxpayer is paying.

I would quote from the report of this distinguished subcommittee in 1981: "More speed and less cost is essential if further progress is to be made in measuring toxic effects of the thousands of untested chemicals to which the public is exposed." I give the reference.

We applaud this statement and urge the subcommittee to increase funding for this vitally important purpose. Public support for such an increase is strong. The public does not want animals to suffer unnecessarily. It does not want to support massive animal testing. It does want improved testing methods for the protection of its health.

Thank you very much.

Senator ABDNOR. Thank you, Ms. Stevens. We appreciate your statement. Our last witness is Mr. Jay Cutler.

STATEMENT OF JAY B. CUTLER

Mr. CUTLER. Mr. Chairman, I am Jay Cutler, president of the Coalition For Health Funding and I am speaking for more than 60 health and health-related organizations.

We all believe the proposed budget for discretionary health programs will have a severe negative impact, both in economic and human terms.

I think it's important to point out that the discretionary programs are really the foundation upon which basic health systems are built. They provide health education, research, and training, and they are the key to the early detection, treatment, and prevention of illness. Without targeted Federal support, given the economic constraints facing our cities and States, and the intense competition for limited revenue, we have no evidence that suggests that these local governments will be able to fund these vital programs. Local governments are not financially capable of taking on these health programs and we have no indication that the private sector is capable or interested in continuing them.

Discretionary health is reeling now from the impact of the cuts suffered in fiscal year 1982, and now, before the full force of the cuts has been examined, it is being proposed by the administration the withdrawal of another $600 million. This does not seem acceptable to us in view of the magnitude of the health problem.

We understand the economic dilemmas, but we believe any cuts will reduce and increase further outlays for medical care. Let me outline some of the consequences of the President's proposal.

First, with respect to knowledge development. The Federal commitment to biomedical and behavioral research has made, and can continue to make, a positive impact on the health of every American. I say "may" because there is a serious question as to whether the research community can continue to make progress in the battle against disease and disability without adequate Federal support.

The Coalition for Health Funding has compiled a vast array of significant examples of research accomplishments and progress in improved treatment, and they span the entire spectrum of health care. It's from arthritis, hemophilia, coronary heart disease, burn injuries, mental and emotional disorder treatment, to name just a few.

Research has found ways to cure or prevent disease. It has improved the quality of life and restored productivity. In the process, it has helped us to reduce the costs of health care to society. Yet, the President proposes to reduce the growth rate in both NIH and NIMH, and all of the ADAMHA institutes.

Let me give you just one dramatic example of how research has translated into cost savings and efficiency. The development of lithium as a treatment of major mental illness has been estimated to have saved $2.8 billion in direct health costs and $1.28 billion in productivity. The savings from the development of this one drop therapy of more than $4 billion is an amount greater than was appropriated for the National Institutes of Mental Health's entire existence. But more is possible, much more. We have only begun to reap the harvest of the scientific revolution in biology. But the research advances, including the development of cost-effective therapies, do not come about quickly or independently of a broad base of scientific effort. They are only brought about by long and sustained continuity of research effort. They range from the step-by-step accretion of new knowledge at the basic science level to the integration of such knowledge into the existing base of knowledge, and then to the measured extension of that knowledge into the realm of carefully evaluated critical application.

The coalition is also deeply distressed by cutbacks in the health care service programs. Though they serve a small fraction of people, they serve millions of people. They have proven themselves a cost-effective means of delivering health care. They have demonstrated an ability to reduce hospitalization, to decrease the length of nursing home stays, to cut infant mortality.

Millions of Americans rely on these programs as the sole source of preventive and therapeutic health care.

We are also equally concerned about the level of Federal support for health profession education. There was a 33-percent cut last year, and now the administration proposes an additional 25 percent, and at the same time, to eliminate totally Federal support for the clinical training of health care professionals who treat mental illness, alcoholism, and drug abuse.

The elimination of targeted funding support will be a disaster, particularly since this funding support is primarily directed to severely disturbed children and youth, the elderly, mentally ill, minorities, and the chronically mentally ill.

The cutback will also affect public health, health administration, and decrease assistance to minority health professions.

Also, Mr. Chairman, I think it's important to note that though this administration allegedly places prevention at the top of its list of health care priorities, a close examination would show that the funding levels have decreased. Just look at what has happened to vaccines, where there is now a proposal to spend less, where there was an increase in measles and rubella, with polio infections following shortly thereafter, predicted by the experts.

I think it's also important to point out that the cutbacks in community and migrant health centers will mean less funding for child immunization.

I see my time is up, Mr. Chairman, but I think that it's important to point out that there is one other arena that we cannot neglect, and that is, we oppose cutbacks in medicare and medicaid, which will have the effect of substantially reducing access to many of the Nation's public and urban health facilities.

We urge you to safeguard these discretionary programs and the entitlement programs and to reject inappropriate proposed cuts.

Senator ABDNOR. Thank you, Mr. Cutler, and you, too, Ms. Stevens. Dr. Danforth had to leave. No one can deny your statements, your causes. They are worthwhile programs. Again, as I said to the previous panel, I guess we'll just have to wrestle with this. I know the figure of $125 billion that they are now working with—we'll have to watch and see how the Congress will end up cutting up the pie. Many of the programs are now in the entitlement end of it.

This is the situation this subcommittee and the entire Appropriations Committee is working on. I heard different figures, but I think we actually at this moment would have discretion over less than 17 percent of the budget. And when we start to look over the whole $125 billion and wonder how we're going to do it, it puts it into a pretty limited area right now.

So I just mention that to tell you what this committee is going to be wrestling with in the days ahead and we'll see what transpires in the other areas of the Congress and, more especially, the Budget Committee.

I'm sorry we don't have more time, but there is a long list of presentations yet to be made today and we do thank you.

Yes; Ms. Stevens?

Ms. STEVENS. Mr. Chairman, might I just say that there are places which I tried to say in my testimony where cuts can be simply transferred in order, in the future, to save even more money. I would add that some of the funds going to the primate centers might also be looked at, scrutinized with the thought of moving them into the studies of alternatives.

PREPARED STATEMENTS

Senator ABDNOR. It's always good to have some alternatives presented to us as possibilities because we're going to need all the wisdom we have here before we get done with coming up with the final figures.

Again, we thank you. Your prepared statements will be inserted in the record at this point.

Ms. STEVENS. Thank you, Mr. Chairman.

[The statements follow:]

Statement of William H. Danforth

Mr. Chairman and Members of the Subcommittee, I am William H. Danforth, Chancellor of Washington University in St. Louis. I testify today in behalf of the AAU/ACE/NASULGC Joint Committee on Health Policy. Every major academic health center in the United States is a member of the associations comprising the Joint Committee and the hundreds of institutions represented by the committee conduct the vast preponderance of our nation's biomedical research. We know that your committee will hear from a number of witnesses speaking in behalf of different interest groups concerned with the Administration's proposed FY'83 budget for NIH. The Joint Committee supports the budget proposals of the Coalition for Health Funding and we are in agreement with the priorities expressed by our colleagues in the Association of American Medical Colleges.

Mr. Chairman, we are aware the Subcommittee over many years has recommended appropriation levels for NIH significantly above those requested by the Administration and, frequently, above those ultimately enacted. Within the biomedical research community there is genuine appreciation of the strong and sustained support of the Subcommittee. Nevertheless, fiscal turmoil and its accompanying effect on the appropriations process in recent years--Continuing Resolutions, deferrals, rescisions, Reconciliation--all have had a momentous effect on the total process of funding research and, specifically, have resulted in a significant decline in support for research and research training at NIH. In only these three years, the numbers of trainees for careers in biomedical research have dropped precipitously from almost 11,000 to 8,900 in the time period FY'81-FY'83. In the same period of time--in constant dollars--funding for NIH has fallen by more than $500 million, and that is a conservative figure. In hard inflation terms the figure is still worse.

We apologize if we provide more numbers than are necessary, but they are extraordinarily telling and reduce the need for rhetoric. For the five years FY'79-FY'83, the numbers of awards made and projected for '82 and estimated for '83 in new and competing awards, the best indicator of research support at NIH, the figures are as follows; 5944--4785--5109--4741--4100. Just between '81 and '83, the drop is approximately 20%, going back to '79 it is steeper still.

Another indication of how well research is being supported at NIH is the "payline" level and the award rates in percentages--the percentage being based on the total of applications approved for funding. In 1979 the payline was 242 and the award rate 52%. In each year since it has dropped steadily so that in 1981 the figures were 207 and 39%, for '82 the projection is 194 and 32% and for '83, based on the budget request of the Administration the payline is 183 and the award rate 27%.

These figures tell us, are several things. In the 1960's and early 1970's, the academic biomedical research centers trained a large number of extremely talented research scholars. Very large numbers of them are only now reaching the point where they can produce entirely original work deserving NIH support. They are being denied this support. The numbers of applications are increasing and the percentage of funded awards are down, so over the past five years, the probability of an award for an approved proposal has been cut in half. There is a special danger in this situtation. Not only is fine research in the biomedical science going begging for want of funds, but, opportunities for young investigators are reduced sharply and those who might otherwise consider careers in research are discouraged.

As administrators of academic institutions, both public and private, we understand the state of the nation's economy. We know that extraordinary steps may have to be taken. We also understand that political considerations must be taken into account in these decisions. But we also stress, Mr. Chairman, that the history of your Committee's treatment of NIH is far more realistic and makes more sense in this time of fiscal stress than the proposals submitted to the Congress by the Administration.

The nation must spend vast sums of money on national security. There is no getting away from that, but a dollar spent on amunition or weaponry does not return to the economy savings as does a dollar spent on biomedical research. In the long run, the added few hundred millions of dollars a year spent at NIH would pay off in the simplest arithmatic terms. Politically, the Administration and the Congress may be required to take certain steps that will be acceptable to the American voter. But we know that in survey after survey, the American voter places health research at the very top of the list of responsibilities of the federal government that should be continued.

In his State of the Union address this year, President Reagan cited NIH particularly as an example of a program that would be receiving an increase over last year's funding. In this instance an increase of $100 million. That is an impressive sum of money by almost any standard until we recognize that it is an increase of less than 3% for NIH. In addition, the increase does not accrue to either new investigator initiated grants nor research training; these programs are decreased 6.7% and 2.6% respectively. More significant is that the $100 million addition is based on the sum achieved after Congress cut most programs by 4% in order to obtain the signature of the President on a Continuing Resolution for FY'82. The $100 million, as this Committee certainly knows, is more than $50 million less than was recommended by Congress for FY'82. In short, the request of the Administration for NIH this year does not begin to meet FY'82 needs and totally disregards the impact of inflation on FY'83. While some would argue that in this time of retrenchment, increases are unrealistic, we would argue that given the significance of biomedical research for the welfare of the entire nation, both for now and for the future, the Administration's request will cause long term disruption and damage.

We note with concern that HHS has unilaterally decided to pay only 50% of the institution allowance for both the predoctoral and postdoctoral fellows. To date, institutions have absorbed these costs that are very real and diverted funds from the support of other activities in biomedical research and education. We are concerned at the government's approach to making unilateral decisions on the assumption that institutions of higher education will feel forced to accept those decisions. Regrettably, these cuts can be accepted only up to a point, and we fear that institutions may feel obliged to withdraw from programs rather than divert funds intended for other purposes.

We bring to your attention once again, the matter of the tax status of the National Research Service Awards. As you are aware, Congress, for several years, has annually extended the tax exemptability of these awards. Because of the crunch on legislative time late in 1981, another extension was not enacted and the awards have become taxable. The IRS bases its judgment primarily on a provision in the law that requires recipients of NRSA's to pay back their award amount following their first year of participation if they do not move forward into research careers.

We continue our work with the tax committees, who, of course, have the authority for determining that the awards are non-taxable. We also are working with the authorization committees to see if they would remove the pay back provision from the law, thereby opening the way for IRS to change its interpretation. Although this is not in essence an appropriations matter, we would welcome the involvement of your Subcommittee, Mr. Chairman, in helping to resolve the situation. The amount of funds involved is miniscule for the federal government. However, for the participants in the program who are foregoing large sums of income in order to enter research careers, an additional burden of having their stipends taxed may provide another disincentive for the best potential research scholars to enter such careers.

Mr. Chairman, at the very top of our list of concerns is the determination by the Department of Health and Human Services that beginning with fiscal year '83, indirect costs for each grant will be cut by 10%. We understand that this decision was based on the argument that NIH had to offer no less than 4100 new and competing grants this year and that as the funds had been allocated in the various categories and programs of NIH, what remained would fund only about 3500 new and competing grants. The 10% cut in indirect costs would transfer about $75 million, partially funding the budgeted number of grants. This proposal attempts to obscure the fact that the Administration's FY'83 budget request provides inadequate funds for investigator initiated research. It further shifts the burden of support for federally sponsored research to the universities which are without any sources of flexible funds.

This new treatment of indirect costs by this agency contravenes long established government policy. OMB Circular A-21, which provides the basis for determining indirect cost recovery by institutions, was developed over a number of years with detailed negotiations involving representatives of institutions of higher education and the federal granting agencies and OMB. No element in the provisions governing indirect costs came about without much discussion, evaluation and computation. OMB Circular A-21 is merely the most recent set of provisions in a long chain of negotiations and orderly administration of research programs by federal agencies, all designed to create and maintain a business-like arrangement in the cooperative relationship between the federal government and the research universities of the country.

The rate for indirect costs on each campus is separately negotiated between the universities and the federal government. The rate has to satisfy the careful scrutiny of federal auditors and the requirements of OMB Circular A-21.

Some of the most precise statements regarding indirect costs are contained in a "Report on Containment of Indirect Costs in Research" submitted to the Senate Appropriations Committee in February, 1982 by Dr. Thomas E. Malone, Acting Director of NIH. Dr. Malone notes that "many myths and misunderstandings have surrounded indirect costs." That "indirect costs are not a profit and the indirect cost rate in and of itself has little meaning." Rates cannot be compared meaningfully, nor can the rate itself be used to determine the reasonableness of the indirect cost reimbursement. "Moreover, indirect costs are, indeed, real costs. The classification of particular expenditures as direct or indirect cost depends in part on the institution's organization for managing its business affairs and its method of managing research. The two classes of expenditures are equally necessary for an institution to conduct its activities and each type is as true a cost as the other." He notes that NIH recognizes the importance of indirect cost, but has been concerned about the rising cost of biomedical research and an effort was underway in the past year to study the entire matter. "The Committee recognized that indirect costs are both real and necessary and that their proper reimbursement is an *essential requirement for preserving health research capacity*. The Committee concluded that *it would not be appropriate to impose a uniform or maximum indirect cost rate on all institutions receiving NIH research awards or to take other arbitrary steps related to this single category of expense.*

He notes that in a July 27, 1979 report by the U.S. Comptroller General, the same basic postion is affirmed. Dr. Malone's paper discusses steps of limiting reimbursement of indirect costs, but concludes that "grantees would receive less reimbursement for indirect costs and would have to eliminate some expenses or find other sources of funding."

He notes that NIH is working with the Office of the Secretary of HHS on approaches to indirect costs and concludes "the impact of limiting indirect cost recovery needs to be carefully weighed as it relates to the progress and success of the research activity overall." Surprisingly, the paper concludes with reference to the decision to make the 10% cut in reimbursements for indirect costs for FY'83 as a "an efficient and uncomplicated way to achieve budget economy's in the immediate future and allow time for consideration of alternative approaches."

We concur with Dr. Malone's statements on indirect costs: that they are a requirement for preserving the biomedical research infrastructure.

Mr. Chairman, universities have a built-in incentive to control indirect costs. We have done a careful analysis of our costs at Washington University. As you know, we have indirect or institutional costs associated with all of our programs, not just those programs related to biomedical research. Sice we receive from the federal government only one dollar out of every four dollars spent, we have considerable incentive to control these costs. In the past few years for example, we have invested several million dollars in institutional funds to install energy conservation devices.

It is true that indirect cost rates have risen rapidly, partly reflecting inflation in general and especially for energy. It is also true that with the tightening up of available funds for research, competition among scholars increases and scholars submit their proposals for peer review by eliminating certain services previously considered direct costs. This decreases the demands for funding of direct funds for the proposal and presumably increases their chances of being funded. However, the services dropped from direct costs are of necessity picked up by the institution and later charged to indirect cost. Also, with funding less readily available, institutions have become more sophisticated and aggressive in pursuing legitimate indirect cost recovery. Finally, over the past two decades the nature of research has changed. Instruments, equipment, laboratories generally have become more complex and costly while research teams have required more technical and therefore more expensive personnel and equipment.

Since, as Dr. Malone notes and as is reasonably understood, indirect costs are legitimate and real costs, cutting them by 10% does not accomplish anything. The costs are still there. The federal government has not paid its bills and someone else must. The someone else is the university and the university does not exist except as it comprises faculty, staff and students. Tuition could be raised, to replace at least some of the lost funds. However, tuition already has been raised at every institution to the point where we are in danger once again of turning away students from careers in the health professions, primarily because of their family incomes. The level of tuition is rising to the point where students will graduate with burdensome debts and have their entire careers distorted as they make decisions based entirely on how to pay back their health professions and education mortgage. The federal government cannot purchase the same amount of research for less money.

There is no reason to believe this practice will be restricted to NIH and ADAMHA. If one agency can save money by a such a unilateral reduction in its obligations to its grantees, there is every reason to believe the OMB will not encourage other research agencies to undertake similar reductions. This arbitrary action, if left unchallenged could set the stage for further reductions in the reimbursement of legitimate institutional costs.

The proposed policy change for reimbursement of indirect costs obscures the central fact that the FY'83 budget request does not provide adequate funds for investigator initiated research.

We ask you, Mr. Chairman, and Members of your Subcommittee to help rectify this situation, to mandate that NIH and ADAMHA fulfill their implied contracts with institutions of higher education in the conduct of research.

I thank you for the opportunity to appear before you and would be pleased to answer any questions.

STATEMENT OF CHRISTINE STEVENS

As requirements for testing of all types of products increase, the urgent need to develop safe, effective substitutes for animal tests becomes more and more apparent. The Society for Animal Protective Legislation is deeply concerned about severe suffering inflicted on massive numbers of animals in these tests.

We are concerned, too, with the expenditure of tax funds and with the long periods required for completion of many animal tests. For example, testing for carcinogenesis may require two to three years at a cost varying from two hundred thousand dollars to one million dollars for a single substance. By contrast, non-animal tests may pick up the carcinogenic properties of the same substance in a matter of days and a cost of about a thousand dollars. Although animal tests are still considered to conform more closely to the effects on human beings, this is not always true, and there are cases in which the bacterial tests uncovered dangerous products which had been in regular use after passing the animal tests with flying colors.

Despite this fact, funds available for developing alternative tests are in very short supply. A particularly promising area is the development of batteries of non-animal tests that check against each other for both false positives and false negatives. A major effort is needed to validate existing tests and develop additional ones.

Private industry has, within the past year, invested substantial funds for the first time in work in this field. The allocation of these funds resulted from active campaigning by the many groups and individuals who want to see an end to painful testing methods, many of them with little scientific merit. A recent poll of readers of the magazine Glamour showed that 84% opposed the use of animals for painful tests of cosmetics. Specifically, the question in the October 1981 issue was, "Should we continue to conduct tests on animals to aid in the development of safe cosmetics?" Since readers of Glamour must be among the best customers cosmetics firms have, their overwhelming majority vote against such tests demonstrates the degree of concern the public has about the suffering of test animals.

Recent grants in this field include:

- 750 thousand dollars from Revlon to The Rockefeller University

- 250 thousand dollars from Avon through the Cosmetic, Toiletry and Fragrance Association for a center for the study of alternatives. The Association subsequently made a grant of one million dollars to the Johns Hopkins University School of Hygiene and Public Health to establish this Center for Alternatives to Animal Testing

- 100 thousand dollars from the New England Anti-Vivisection Society to Dr. William Douglas of Tufts University Medical School to develop an alternative to the Draize eye irritancy test

- A three-year grant totalling 176 thousand dollars to Dr. Joseph Leighton of the Medical College of Pennsylvania's Department of Pathology for the same purpose.

In Canada, the Natural Sciences and Engineering Research Council of Canada announced in its February 1982 "Contact," Vol. 7, No. 1, that it "has asked its grant selection committees to discuss the use of alternative methods with applicants during site visits, to assess carefully the methodology of research projects where substitutes could be envisaged, and to encourage grantees to explore the possibility of using alternative methods." The announcement further states:

> Many researchers holding NSERC grants already use alternative methods in their research projects, but few are actually working on research aimed at improving existing non-animal testing models, at developing new models, or at validating the usefulness of such models.
>
> Applicants for NSERC operating grants remain, as always, free to choose their research topics and Council has no intention of changing this unique characteristic of the operating grants program. However, Council supports the development of alternative methods and wishes to alert qualified members of the community to this research topic.
>
> Some research projects of this nature could also be relevant within the strategic grants program, for example, in the area of environmental toxicology or in the open sector.

Similar encouragement should be given to the development of alternatives in this country.

A three-day symposium was held last year by the National Institutes of Health in collaboration with the other agencies participating in the National Toxicology Program. It was entitled "Trends in Bioassay Methodology: In Vivo, In Vitro and Mathematical Approaches." A few months later, a symposium was held in Sweden with the assistance of the Karolinska Institute on the LD_{50} test. A major emphasis by scientists participating in this symposium was the enormous waste involved because of frequent use of unnecessarily large numbers of animals, much of which appears to stem from bureaucratic inertia.

In a paper by a leading Swiss toxicologist, a series of proposals for rule changes were made which would reduce animal numbers without in any way affecting the purpose of the test for protection of the public. The proposals, as published in The Archives of Toxicology (1981) 47:77-99, by G. Zbinden and M. Flury-Roversi, are as follows:

> In all guidelines and regulations for toxicological studies it must be stated specifically that the concept of acute toxicity testing (harmful effects of single doses) is not identical with the performance of a classical LD_{50} test.
>
> In all guidelines and regulations for toxicological studies the classical LD_{50} test carried out with large animals, such as dogs, monkeys, pigs, etc., must be prohibited.
>
> In all guidelines and regulations for toxicological studies it must be pointed out that the classical LD_{50} test with small rodents using large numbers of animals is only permissible if the reason for the

desired high precision is clearly stated and scientifically justified.

In all guidelines and regulations for toxicological studies it must be stated that no LD_{50} test should be done with pharmacologically inert substances.

The requirement to conduct an LD_{50} test in newborn animals must be eliminated from all guidelines and regulations.

While the implementation of proposals such as this is not the prerogative of the Appropriations Committee, funds should be appropriated in order to validate these proposals. They should then be adopted by agencies such as the Food and Drug Administration.

The National Toxicology Program has made some progress in increasing emphasis on development of improved tests, as contrasted with the many millions of dollars it has spent simply carrying out the current standard animal tests. Leading toxicologists believe that it is only through the development of better, quicker, less expensive tests--and in almost every case that means non-animal tests--is the only way in which the public can receive the protection against injurious substances which it wants and needs.

Appropriations to the National Toxicology Program should be accompanied by a directive to reverse the level of expenditures. The major expenditures should be made on development of improved tests. Where it is believed that animal tests must be carried out, this can be done by the manufacturer under federal inspection and observation. It should not be a cost borne by the taxpayer.

I would quote from the report of this distinguished Subcommittee in 1981: "More speed and less cost is essential if further progress is to be made in measuring toxic effects of the thousands of untested chemicals to which the public is exposed." (Report No. 97-268, page 62) We applaud this statement and urge the Subcommittee to increase funding for this vitally important purpose. Public support for such an increase is strong. The public does not want animals to suffer unnecessarily; it does not want to support massive animal testing; and it does want improved testing methods for the protection of its health.

STATEMENT OF JAY B. CUTLER

Mr. Chairman, Members of the Committee, thank you for the opportunity to testify on the Administration's proposed FY1983 Appropriations for a wide range of health programs.

I am Jay Cutler, President of the Coalition for Health Funding, and speaking for the more than sixty health and health-related member organizations who believe the proposed budget for discretionary health programs will have a severe negative impact both in economic and human terms.

Discretionary programs are the foundation upon which our basic health systems are built. These programs provide health education, research, and training and help in the early detection, treatment and prevention of illness.

In the absence of the targetted federal support, given the economic pressures states and cities are now encountering and the intense competition for limited revenue, there is little present or historical evidence to suggest that state or other municipal governments will be able to fund these vital programs; local governments are not financially capable of taking on these health programs and the private sector has provided no indication of capability of continuing these vital programs.

Our health and health-related members are still reeling from the impact of the $2.8 billion in cuts discretionary health funding suffered in FY1982. Now, before the full force of these cuts has been felt or examined, the Administration proposes to withdraw another $600 million from health service programs in FY1983. That budget proposal in view of the magnitude of the health problem it seeks to address is unacceptable.

The Coalition is aware of the current distressing economic climate, however, we are also aware that discretionary health programs are among the most cost-effective of programs, programs which, in fact, reduce the need for greater future outlays for medical care.

Here is an outline of some of the consequences of the President's proposal:

Knowledge Development

The federal commitment to biomedical and behavioral research has made, and could continue to make, a positive impact on the health of every American. I say could because there is serious question as to whether we can continue to make progress in our battle against disease and disability without continued federal support for these research programs.

Both the National Institutes of Health (NIH) and the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) support biomedical and behavioral research having provided careful consideration to the magnitude of the problem, the scientific difficulty of the problem and the realities of whether enhanced research support will be scientifically productive. Has America benefitted from the excellence of these research programs? The answer is an unqualified yes. The Coalition for Health Funding has compiled a vast array of significant examples of research accomplishments and progress in improved treatment which span the entire spectrum of health care, including arthritis; hepatitis; hemophilia; coronary heart disease; stroke; respiratory distress syndrome; diabetes; burn injury; and neurological, mental and emotional disorders to name but a few. Research has found ways to cure or prevent disease. It has improved the quality of life and restored productivity. And in the process, research has enabled us to reduce the costs of health care to society. Yet, the President proposes to reduce the growth rate in NIH and ADAMHA research programs by three percent. This despite the fact that government sponsored research has been historically a spectacularly profitable investment in economic, social, and human terms.

Let me give you just one dramatic example of how research has translated into cost savings and increased efficiency. The development of lithium as a treatment of major mental illness is estimated to have saved $2.88 billion in direct mental health costs and $1.28 billion in productivity. From the development of this one drug therapy, more than $4 billion was saved -- an amount greater than has been appropriated for the National Institute for Mental Health's entire existence.

Yet much more is possible. We have only begun to reap the harvest of the scientific revolution in biology. But the research advances which I have described, including the development of strikingly cost-effective therapies do not come about quickly or independently of a broad base of scientific effort. Indeed, such advantages are bought only by long and sustained continuity of research effort, ranging from the step-by-step accretion of new knowledge at the basic science level, to its integration into the existing base of knowledge, and to the measured extension of that knowledge into the realm of carefully evaluated clinical application.

Health Services

While we hear much about certain areas with an abundance of doctors there are still today millions of Americans who live in medically underserved areas characterized by a low physician to population ration, by high infant mortality, and by high poverty. This group includes large numbers of elderly, migrant farmworkers and urban Indians, all of whom lack adequate geographic and financial access to health care.

Health care service programs can only serve a small fraction of the many millions of people who need their help. A cost-effective means of delivering health care, these programs have demonstrated the ability to reduce hospitalization, significiantly decrease the length of nursing home stays and cut infant mortaltiy in half. Millions of Americans rely on these programs as the sole source of preventive and theraputic health care. The health of our working population has been measurably improved because of health service efforts.

Health Professions Education

The Coalition believes that federal support is essential to maintaining adequate health professions education. The American people need qualified health professional personnel. And we must train sufficient numbers of practioners for each specialty. The President's short-sighted reductions in federal support to student assistance and manpower training programs will have a grave impact on the long-term quality of health care. This policy will only serve to exacerbate shortages in specialty fields and contribute to increased maldistribution.

In FY1983, the President proposes to reduce funding for health professions education activities supported by the Health Resources Administration after a 33 percent reduction last year by a further 25 percent and elimiate totally federal support for the clinical training of health care professionals who treat mental illness, alcoholism and drug abuse;

The Coalition cannot support a budget that would:

1. Elimate training programs designed to train documented shortage specialities and develop professional manpower prepared by clinical instruction and experience to deal with the special mental health problems of identified unserved and underserved population -- severly disturbed children and youth, the mentally ill elderly, minorities, the chronically mentally ill (especially those deinstitutionalized to community settings), and mentally ill residents of many rural and inner city areas, and that large segment of the population with disabling emotional problems that presents itself only to the general health sector.
2. Severely cutback training support of public health, health administration, family medicine, general dentistry, internal medicine and pediatrics, and nursing homes; and
3. Decrease assistance to minority health professions schools and to schools of Public Health.

Rural and inner-city Americans are suffering from lack of accessibility to physicians and other health services. This is due, in part, to health manpower shortages; shortages that will only become worse if institutional and training support is withdrawn now.

Prevention

Although this Administration purports to place prevention at the top of its list of health priorities, a close examination of some of the President's proposed cuts flies in the face of that claim:

For example:

o Despite large increases in the cost of vaccines, the Administration would spend $1 million less on the immunization program in the coming fiscal year than was spent two years ago. If approved, experts predict that this path could result in an increase in measles and rubella within one year and more polio infections within several years. The 7 percent cut in immunization spending enacted last year has already caused a 32 percent drop in vaccine purchases for the program and a 33 percent drop in the number of children served.

- By spending $258 million in federal and state funds in 1979, the federal Family Planning Services program was directly responsible for preventing almost 800,000 unintended pregnancies. More than twice that much was saved in costs the American public would have had to pay for medical care, social services, welfare and public housing for those women who chose to carry their pregnancies to term. The President again proposes folding this program into a block grant in FY83, leaving in doubt not only how much money would be allocated for family planning services but whether there will be any funds at all. The Congress rejected this course of action last year, the Coalition heartily recommends that you do so again.
- 1982 reductions in the Maternal and Child Health program have resulted in service cutbacks which could prevent or decrease long-term disability. As a result of clinic closings, crippled children will not receive preventive treatment, early identification, and diagnositic services. Mr. Reagan proposes in FY83 to join this with another supplemental food program for low income women and infants and to cut the total budget by $281 million. The Coalition cannot support a cut aimed at the lowest income women and their children.
- The President's proposed cutbacks in Community and Migrant Health Centers will mean less funding for childhood immunization, family planning services, pap smears, and many other screening activities for both adults and children. The cost in dollars to treat diseases either not prevented or not caught in the early stages is probably measurable, the cost in human suffering is not.

The Coalition endorses the House Committee on Appropriations statement that it "...sees little likelihood at this time that further overall reductions in domestic programs can be justified or will be recommended...". We strongly believe that there can be no justification for discretionary health funding cuts in FY1983. We think it is essential that cuts must cease in those domestic programs that are the very foundation of our nation's health care system.

Medicare and Medicaid

We are also strongly opposed to the budget proposals made by the Administration which would result in major cuts in funding for the Medicare and Medicaid programs. These proposals would have the effect of substantially reducing access to many of the nation's public and urban health facilities. These facilities have the responsibilty of serving not only the Medicare and Medicaid recipients, but also the many millions who are ineligible including the elderly, poor and unemployed workers.

The combined impact of last year's federal revenue cuts and a severe recission have already resulted in substantial reductions in Medicaid and Medicare benefits. New cuts in federal costs cannot be absorbed by county and city governments without seriously reducing access to care for those dependent upon public revenues for service delivery.

We urge Congress to safeguard the Medicare and Medicaid programs and to reject the President's proposed cuts.

Thank you for your time and attention.

SUMMARY OF COALITION FOR HEALTH FUNDING FUNDING RECOMMENDATIONS

	CHF FY83 RECOMMENDATION
I. HEALTH SERVICES ADMINISTRATION	
A. Community Health Services	
1. Primary Care Block Grant	
a. Community Health Centers	302,500
2. Migrant Health	47,500
3. Maternal & Child Health Services Block Grant	373,000
4. Family Planning	143,000
B. Health Personnel Development Services	
1. National Health Service Corps	103,000
2. National Health Service Corps Scholarships	40,000
3. Health Professions Student Assistant	
a. Health Professions Student Loans	6,420
b. Health Professions Exceptional Financial Need Scholarships	5,029
4. Nursing	
a. Nursing Loans	16,000
C. Indian Health Services and Facilities	646,797
II. CENTER FOR DISEASE CONTROL	
A. Basic Preventive Health	
1. Preventive Health Block Grant	84,637
B. Disease Prevention	
1. Immunization	30,000
C. Control of Chronic Conditions	19,503
D. Occupational Safety and Health	
1. Research	55,469
2. Training	6,163
III. NATIONAL INSTITUTES OF HEALTH	
A. Cancer	1,009,041
B. Heart, Lung & Blood	625,000
C. Dental Research	88,700
D. Arthritis, Diabetes, Digestive & Kidney Diseases	420,000
E. Neurological and Communitative Disorders & Stroke	309,458
F. Allergy, Infectious Diseases	252,407
G. General Medical Sciences	358,734
H. Child Health & Human Development	244,000
I. Eye	136,290
J. Environmental Health Sciences	165,056
K. Aging	87,636
L. Research Resources	197,069
M. Fogarty International Center	10,445
N. Library of Medicine	50,000
O. Buildings and Facilities	17,500
P. Office of Director	24,283
IV. ALCOHOL, DRUG ABUSE AND MENTAL HEALTH ADMINISTRATION	
A. The Alcohol, Drug Abuse and Mental Health Block Grant	463,000
B. Mental Health	.
1. Clinical Training	32,000
2. Community Support Program	6,000
C. National Institute of Alcohol Abuse & Alcoholism	
1. Research	32,900
2. Research Training	2,000
3. Clinical Training	5,000
4. Program Support	10,000
D. National Institute of Mental Health Research and Training	
1. Research	158,900
2. Research Training	18,500
3. Program Support	30,466
E. National Institute on Drug Abuse	
1. Research	46,000
2. Research Training	1,500

	CHF FY83 RECOMMENDAT
V. HEALTH RESOURCES ADMINISTRATION	
A. Health Planning & Resources Development	
1. Local Planning	41,971
2. State Planning	21,377
B. Health Professions Education	
1. Institutional Assistance	8,423
2. Dental Health Education	2,054
3. Public Health/Health Administration	
a. Capitation	5,000
b. Traineeships	3,000
c. Graduate Programs	
i. Traineeships	500
ii. Program Support	1,750
4. Primary Care	
a. Family Medicine Residencies & Training	26,707
b. Family Medicine Departments	8,218
c. General Internal Medicine & Pediatrics	17,462
5. Preventive Medicine	
a. Residencies	1,000,000
6. Special Health Professions Inititatives	
a. Physician Assistants	5,500
7. Health Professions Resource Assessment	3,424
8. Nursing Assistant	
a. Advanced Nursing Training	15,000
b. Professional Traineeships	10,500
c. Nurse Practitioner	13,000
d. Nursing School Financial Distress	2,000
e. Special Projects	10,500
f. Nurse Research Grants	7,000
g. Nurse Research Fellowships	2,400
9. Program Support	14,500
VI. OFFICE OF THE ASSISTANT SECRETARY OF HEALTH	
A. Program Operations	
1. Health Services Research	16,954
2. Health Statistics	40,294
B. Health Maintenance Organizations	31,700
C. Health Initiatives	
1. Smoking and Health	3,000
D. Public Health Services Management	19,796
VII. FOOD AND DRUG ADMINISTRATION	
A. Salaries and Expenses	364,000
VIII. OFFICE OF HUMAN DEVELOPMENT SERVICES (selections)	
A. Developmentally Disabled	
1. Formula Grants	43,180
2. Projection & Advocacy Grants	8,000
3. Service Projects Grants	2,500
4. University Affiliated Facilities	7,500
IX. DEPARTMENT OF EDUCATION	
A. Rehabilitation Services & Handicapped Services (Selections)	
1. Vocational Rehabilitation Services	943,000
2. National Institute of Handicapped Research	35,00

ELEMENTARY AND SECONDARY EDUCATION PANEL

STATEMENTS OF:

DAVID W. HORNBECK, MARYLAND SUPERINTENDENT OF SCHOOLS
THOMAS ROSICA, DIRECTOR, FEDERAL PROGRAMS, PHILADELPHIA PUBLIC SCHOOLS
MARY HATWOOD FUTRELL, SECRETARY-TREASURER, NATIONAL EDUCATION ASSOCIATION
HOWARD MARSHALL, BOARD OF EDUCATION, BALTIMORE, MD.
GREGORY A. HUMPHREY, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS, AFL-CIO
EVERETT D. EDINGTON, PROFESSOR, EDUCATIONAL MANAGEMENT AND DEVELOPMENT, NEW MEXICO STATE UNIVERSITY, LAS CRUCES, N. MEX.
MRS. ELLIOT RICHARDSON, CHAIRMAN, READING IS FUNDAMENTAL, INC.
JUDY COHART, EXECUTIVE DIRECTOR, COALITION FOR CONSUMER EDUCATION

Senator ABDNOR. Our next group of witnesses are the elementary and secondary education public witness panel. We have quite a number of witnesses, eight in all. I think we have enough room around the table. See how it works out.

Again, we welcome you folks to the panel. I'm sorry that we have to bring people into this large group. We have so many people that want to testify and there's limited time to do it. This is what happens.

I will say at the outset again that the entire statement of every member of the panel will be made a part of the record.

Again, I look at the time schedule. I was supposed to be presiding at 4. I'm not going to be there. That's pretty obvious. We have a long schedule ahead of us. They'll have to find someone else.

We're happy to have you here. I hate to be limiting, but it looks like it's going to have to run about 3½ minutes each in this case, with the large number of people that we have on this subject.

Shall we proceed in the order on the list here? That will be Mr. David Hornbeck, the Maryland State Superintendent of Schools. We welcome you to the committee.

STATEMENT OF DAVID W. HORNBECK

Mr. HORNBECK. Thank you, Mr. Chairman. I am David Hornbeck, the Maryland State Superintendent of Schools and chairman of the legislative committee of the Council of Chief State School Officers. I am here today representing the council.

Today, Mr. Chairman, five major education groups with unusual unanimity are coordinating their testimony before the subcommittee. My colleagues include representatives from the Council of the Great City Schools, the National School Boards Association, the National Education Association, and the American Federation of Teachers. My role is to underline three or four major points which will be amplified by those who follow.

No. 1, the proposed and current Federal funding levels for elementary and secondary education are, to understate it, inadequate. The continuing resolution level without the previously proposed rescission still averages 9 percent below the level appropriated for 1981. The levels proposed by the administration for 1983 average 36 percent below the 1981 levels.

Those young people and adults most at risk lose most heavily. Two examples from our own small State. If the administration's proposals for chapter 1 are adopted, services for 23,000 poor children will be lost at a time that, (a) it's clear it's working and, (b) when Federal funding was sufficient to serve only 65 percent of the eligible population even at 1981 levels.

The second example, vocational rehabilitation. SSI and SSDI cuts this year resulted in the layoff in our small State of 86 staff and the elimination of services to 5,000 disabled citizens. Even in a small, relatively prosperous State, we, frankly, have gone beyond the fat.

We believe funding levels recommended in the Reconciliation Act of 1981, while hardly extravagant, reflect an acceptable and realistic minimum at which to fund educational programs.

Major point two. State and local school systems cannot make up the gap. First of all, most States are on fiscally thin ice themselves. Second, whatever additional definition you may give to the Federal role in education, surely it includes, first, access and equity and, second, services to special populations.

To illustrate both points, I point to the handicapped. Due to national leadership, we have taken major steps in removing the disabled from beneath the proverbial staircase. We held out to them the hope of an independent existence to replace previous lives of dependency. Similar leadership is reflected in the other areas of Federal funding.

Third, the problem of equalization of school funding plagues nearly every State. The proposed reductions will exacerbate the problem within States where, in large cities, it's not unusual for 30 percent to live below the poverty line, and between States of greater and lesser wealth.

The fact is that we delude ourselves to think that the States and local school systems can make a significant dent in making up the lost Federal funds.

And finally, the real issue before the Congress is the value which is placed on public education and on who should be educated. Is public education, and even public education for poor children and the handicapped, but a nice idea which we've had the luxury to enjoy for quite some time? Or is public education one of, if not the central feature of, this experiment we call democracy? Is its success vital to the economic strength and stability of business and industry? Is a literate and competent citizenry even essential to our national defense?

We believe the answers to these questions shape the answer to the appropriation questions, including those involving trade-offs among education programs, and I must say to other issues before the Congress, such as block grants, tuition tax credits, and the abolition of the Department of Education.

Mr. Chairman, I appreciate the opportunity to appear before you. We ask you to turn your back on what is widely interpreted as a broad-based attack on public education. We ask your reaffirmation of public education for all citizens, for all children, as essential to the well-being of this Nation.

And we ask, finally, that that reaffirmation will be a substantive one. Thank you very much.

Senator ABDNOR. Thank you, Mr. Hornbeck, for your very excellent statement. Our next witness is Mr. Tom Rosica?

STATEMENT OF THOMAS ROSICA

Mr. ROSICA. My name is Thomas Rosica. I am executive director of Federal programs of the School District of Philadelphia and I'm speaking on behalf of the Council of the Great City Schools.

The 28 member districts of the Council of the Great City Schools serve nearly 5 million young children, 30 percent of whom are from families below the poverty line and 75 percent of whom are minorities. Our enrollments have dropped an average of 23.9 percent between 1970 and 1980, compared to the national decline of 14.2 percent. Our numbers of poor children have increased by 25 percent over that period.

In spite of this, a number of our member city districts now show achievement gains at or above the national norms. We are convinced that this improvement is attributable in part to Federal funding.

Between the last school year and this one, our districts lost 14.6 percent of their moneys coming from the Department of Education because of the rescissions passed last year. If no further changes are made to the present fiscal year 1982 continuing resolutions, then our districts will lose an additional 13.9 percent of their ED moneys in the 1982–83 school year. We will lose 28 percent, or $234 million, of our ED moneys next school year if the administration's proposed rescissions in fiscal year 1982 are accepted. If the administration's proposals for fiscal year 1983 are accepted, our districts' ED moneys will shrink to $493 million in the 1983–84 school year, a 49.1 percent cut from the 1980–81 school year.

The council's member districts, then, which contain 10.5 percent of the Nation's public school population, will absorb 22 percent of the cuts under the fiscal year 1982 Continuing Resolution, 16.9 percent of the cuts under the fiscal year 1982 revised requests, and 11.6 percent of the cuts under the fiscal year 1983 requests for elementary and secondary education programs.

The declining rate of cutbacks to urban schools appears to be due to the fact that by fiscal year 1983, there will be no highly targeted programs left.

The inordinate financial burden on the city schools is the result of cuts made as deeply to targeted programs such as title I as to general aid programs. Under title I, not only will the cities be cut 4 percent under the Continuing Resolution, but will lose the entire concentration grant program as well, resulting in a loss of 10 percent to the average big city in title I funds in the next school year.

Another 13.2 percent in title I funds would be lost under the fiscal year 1982 revised request, and a further 17.6 percent would be lost under the fiscal year 1983 request. The decrease from 1980–81 to the 1983–84 school year for these cities would amount to 39.7 percent under title I.

The cities will also lose disproportionate funds under the new education block grant, chapter 2. In the 1980–81 school year, the urban districts received $135.5 million in programs that will go into the block grant; in this school year, they were cut to $91.4 million, due mostly to rescissions. Chapter 2 will yield only $36.9 million to these districts next school year under the fiscal year 1982 Continuing Resolution, about $35.8 million under the fiscal year 1982 revised request, and approximately $32.9 million under the proposed fiscal year 1983 request.

To give you an example, in Philadelphia, in the 1980–81 school year, they received 43 percent of the funds in the State of Pennsylvania. Under the block grant, we will receive 23 percent, even though the State of Pennsylvania will receive a 3.1 percent increase in their funding. Out of the 501 school districts in Pennsylvania, 390 will receive increases, some as many as 300 and 400 percent. Four hundred and twenty-five will receive $1 increase. And the city of Philadelphia will lose in the neighborhood of 50 percent of their funds as a result of the block grant.

The impact aid cut, as it will hit the cities over the next 2 years, the big cities, will result in an 89.1-percent decrease.

CETA has been an absolute disaster. They are dropping from $178 million to $47 million. In Philadelphia, this has meant that we have gone from over $15 million to under $5 million, with a loss of over 1,000 jobs under the public service employment.

If the administration's rescissions are accepted, we have estimated that our districts will lose about $300 million in funds between this school year and next. A cut of this size would put the jobs of approximately 12,000 people in jeopardy and would curtail or eliminate services to about 235,000 inner-city youngsters.

Mr. Chairman, we believe that the urban schools have had to absorb more than their fair share of the cuts and that supplementary aid in highly targeted programs like title I is now warranted.

The assertion on the part of the administration that the poorest of the poor will not be hurt is simply incorrect. Our children are falling through holes in the safety net.

Thank you.

Senator ABDNOR. Thank you, Mr. Rosica. We appreciate the problem. Our next witness is Mary Hatwood Futrell.

STATEMENT OF MARY HATWOOD FUTRELL

Ms. FUTRELL. Mr. Chairman, I am Mary Hatwood Futrell, secretary-treasurer of the 1.7 million-member National Education Association, an organization which represents teachers and support personnel in the public schools and in intitutions of higher education in every State in the Union.

I have submitted my written statement for the record and will take this opportunity to highlight two of its main points. First, title I.

It is truly ironic that President Reagan, among his profound cuts in Federal aid to education, has included a program that his own appointee, U.S. Education Department Secretary Terrell Bell, has called "a smashing success."

Indeed, since its inception in 1965, the title I program, which aids students needing to sharpen their reading, writing, and math skills, has been a vital tool in laying a strong educational base for millions, even though in its current funding level, it reaches only 45 percent of the nearly 11 million students classified as low achievers in the 14,000 school districts nationwide.

The program has shown in school district after school district across the country that children who have difficulties in reading, writing, and math, many of whom come from low-income and minority families, have made great strides in their abilities through their participation in title I programs. Government statistics have shown consistent improvement in test score gains for students who would otherwise be low achievers.

As we are all well aware, title I was instituted because many of the students it serves, those low achievers, were falling through the cracks of the educational system. They needed the more individualized attention that title I programs have afforded them. The Federal Government must not abdicate its responsibility for these students now, especially in the wake of cuts in other federally-funded education programs that will result in fewer teachers with more pupils in their classrooms.

The potential for those students in need of help to get it in their regular classroom will be greatly diminished.

With these cutbacks, students whose educational growth has been fertilized by help from title I programs will again fall through the cracks. They will be much more likely to join the ranks of the unemployed, the welfare recipients, or criminals than to become educated, productive members of our society.

We must also look at the title I program in terms of its investment in the future of our country. With the rapid development of technology and its use in both the civilian and military sectors of our economy, we increasingly need workers who are able to understand the operation of the highly complex machinery that is becoming a part of our daily lives.

While this country has striven hard to keep up with these technological advances, it is lagging behind greatly in insuring that its citizens will be educated enough to control and operate them.

The President's proposal to chop $1.6 billion from title I programs, effectively shutting the door on some 2.3 million children in need and causing nearly 80,000 specially-trained teachers and staff to lose their jobs, is not only cruel and compassionless, but lacks good policy judgment as well.

The second area is bilingual education. I would like to turn for one moment to bilingual education programs. As you may already know, the NEA has long been on record in support of bilingual education as an integral part of our pluralistic society. We have often expressed our belief that the Federal programs designed to aid bilingual education should be operated with the goal of helping English language deficient newcomers to this country to be more comfortable with English as soon as possible. This goal becomes imperative for educational programs, as this country becomes a haven for refugees from many countries, including Cuba, Haiti, Cambodia, Laos, and many others. Local and State funding should not bear the brunt of what is a national concern and responsibility.

President Reagan's proposed cuts in Federal funding for bilingual education and English as second language programs are nonsensical in light of the influx of foreign refugees and aliens. The NEA feels that funds for these programs must be maintained at least at their 1981-82 school year levels if we are to be able as a Nation to fully integrate our newest arrivals into the mainstream of American society.

Mr. Chairman, I sincerely thank you for this opportunity to voice NEA's concerns over these two national educational priorities.

Senator ABDNOR. Thank you, Ms. Futrell. I know you're shortening your statement. I know you had a lot more things to say. It will be made a part of the record.

Ms. FUTRELL. Thank you.

Senator ABDNOR. The next witness is Mr. Howard Marshall, who is chairman of the Baltimore Public Schools. I guess you're representing the National School Board.

STATEMENT OF HOWARD MARSHALL

Mr. MARSHALL. Thank you, Mr. Chairman. I am Howard Marshall, a member of the Board of School Commissioners of Baltimore City and the current president of the Maryland Association of Boards of Education. I am here representing the National School Boards Association and I will address those areas of great concern to school board members responsible for the public education of our Nation's schoolchildren. These areas are: One, the impact of the administration's New Federalism proposal on the well being of public schools. Two, the role of vocational education in the elementary and secondary schools, which is an important part, although not all, of our efforts to educate youth for work. And finally, the continuing need for the creation and use of a respectable and helpful educational research and development program that examines problems of national importance.

Before I address these specific topics, I would like to draw your attention to the more comprehensive written testimony that NSBA has submitted to this committee for the record. Our submitted testimony addresses the fiscal plight of school districts across the country.

It's time to recognize that any economic recovery program that will bring long-term prosperity must include Federal elementary and secondary educational funding as an important element in that program.

As we are all now painfully aware, our recent national economic priorities have been inconsistent, unfair, and harmful to those institutions such as the schools that are the foundation for any long-term economic recovery.

The National School Boards Association urges this subcommittee not to permit any elementary and secondary programs to bear more Federal cuts as a result of an economic program, in which we had no part, that has led to a deep recession and deficits in the range of $180 billion for fiscal year 1983.

Further, we urge that quick-fix promises to alleviate the budget be viewed, not for their form or package, but for their substance. In this regard, Mr. Reagan's New Federalism proposal exemplifies a failure on the part of the administration to grasp the important intergovernmental facts of life. The proposal would transfer and swap a number of our Federal education programs to the State level and, in doing so, several important realities have been forgotten.

First, the bulk of current Federal educational program money goes to the local school districts. When these are sent to the Governor's office, there is no guarantee that they will be used for education. And if so, that they will be used for local classroom, elementary and secondary programs.

The likelihood that turnbacks to the States would result in local educational cutbacks from the Government is illustrated empirically by recent data showing that a 10-year trend of increasing State support for elementary and secondary education is reversing in fiscal year 1982.

This year, States are cutting back on State aid. Local communities are being asked to and, in many cases, are making up the difference. Throughout the country the Federal program cuts Congress passed last year are translated into user fee charges and increasing sales and property taxes. The so-called turnback of Federal programs would be no different. The New Federalism, as proposed by the administration, will add more pressures on local property taxes. There is a Federal interest in having vocational education provided to our youth. Do you want those vocational education funds to be used for filling State highway potholes? This is simply to point out that filling potholes is not a wrong priority for a State, but rather to say that from a State's perspective, the States have other responsibilities, which is the very reason why, from the perspective of national well-being, you, the Congress originally enacted these educational programs to assure that moneys designated for educational programs were actually received by those responsible for administering the programs.

Vocational educational programs have been targeted by the administration to be blocked, cut, and turned back. Not one of the options is acceptable in view of the promises of which the current program has been created.

Therefore, we urge you not only to maintain the funding of all programs, including the National Institute of Education, which will insure that the various service units will be divided with adequate funding to assure that we will have the background, the information needed to administer educational programs at the local level in a manner that will allow the young people who must become the future citizens of our country, like you and other Members of the Congress who sit in Congress, as a result of most of your public education exposure, to continue to allow this country to be a prosperous and great country, a leader in world affairs, and in the world, in general, as it has been over the last 50 years.

I appreciate the opportunity to testify before you and will be available for any questions that you may have.

Senator ABDNOR. Thank you, Mr. Marshall. We appreciate your statement, your summary. Your entire statement will be part of the record.

We shall now hear from Mr. Gregory Humphrey, director of legislation, American Federation of Teachers.

Mr. HORNBECK. Mr. Chairman, Mr. Humphrey was here earlier, but had to leave for another engagement and requested that his testimony, which is available, be entered into the record. Thank you very much.

Senator ABDNOR. Thank you. I appreciate that. We do have it and it will be made a part of the record.

Our next witness, then, is Mr. Everett Edington.

STATEMENT OF EVERETT D. EDINGTON

Mr. EDINGTON. Yes; I am Everett Edington. I direct the ERIC Clearinghouse on Rural Education and Small Schools at New Mexico State University and I'm a professor of educational management and development at New Mexico State.

I do not represent any major organization. I am a private citizen from the State of New Mexico. But I do believe that I am knowledgeable of the three-fourths of the school districts in this Nation that are rural and small schools. Part of my testimony will be related to education in rural America and some of the inequality which Federal funding has shown to those three-fourths of the school districts in the Nation.

I truly believe that the major role of the Federal Government in education is that of providing information for decisionmaking at the State and local levels. For this reason, I do recommend that the National Institute of Education be supported at the authorized level of $55.6 million. I do recommend, however, that there be drastic changes made in the funding programs of the National Institute of Education. I strongly support Mr. Curran, the director of NIE's statements that the federally financed laboratories should no longer have a set-aside and that they should have to compete for their funds.

I also recommend that the Department of Education and the Congress look into a cooperative-type program, such as we do in agriculture in research between the Federal Government and the States. I feel that we will get much more for our dollar by utilizing the existing research expertise that's found in the institutions in the various States rather than funding competing institutions such as we're doing now.

I strongly urge that the ERIC system, the Educational Resources Information Center, within NIE be restored to its former level of service, which would take approximately $6.8 million. King Research Associates recently completed a study of the ERIC system and found that of about $136 million a year spent for ERIC and ERIC products, the Federal Government spent about 4.1 percent of that amount. So I think that this, again, is an excellent example of how Federal money is seed money and it should be utilized by the users of the service.

I strongly recommend that the National Diffusion Network be continued at a level of about $10.3 million for next year. I believe there was a bill recently submitted to the House—I believe it's House bill 5818—which recommends that the National Diffusion Network have a separate line item in the budget to no longer be a part of the Secretary's discretionary fund. I would strongly recommend that be carried out.

I have visited with hundreds of rural school superintendents, teachers, board members in the past 10 years and dozens and dozens of rural schools across the Nation. I think in order to make it possible for the rural schools to make better use of Federal funds, categorical funding should either be reduced severely or eliminated. There are dozens of programs that the small rural schools are unable to take advantage of because it costs much more for them to write a proposal and evaluate than the amount of money that they get. And the Federal regulations and redtape make it extremely difficult for them to make use of Federal funds in these categorical programs.

I also believe that the Federal regulations for education should be revised to eliminate the discrimination against rural schools. I don't believe that this has been intentional, but I do believe that the Federal regulations and the Federal programs for education are very much urban and suburban oriented. And it is extremely important that the third of the people in rural America no longer suffer neglect and be represented in the Federal education programs.

Thank you.

Senator ABDNOR. Well, thank you, Mr. Edington. We appreciate you coming all the way from New Mexico to give us your thoughts and views. I'm one of those fellows that probably comes from a more rural State even than you—South Dakota. It's sometimes awfully easy to overlook rural America when problems are considered because there are so few of us in those areas. Rural America is important.

Our next witness—I guess she had me here when she was here last—Mrs. Richardson. I'm not here all the time. I have other subcommittees. But I seem to come when you're here. Let me welcome you back to the committee and we're anxious to hear from you.

STATEMENT OF MRS. ELLIOT RICHARDSON

Mrs. RICHARDSON. Thank you, Mr. Chairman. On behalf of Reading Is Fundamental, I would like to thank the committee for this opportunity to testify. We have also submitted more full written testimony for the record.

I will speak on the fiscal year 1983 appropriation for the inexpensive book distribution program which Reading Is Fundamental (RIF) administers under contract with the Department of Education.

But first, we thank this committee for having insured that in fiscal 1982, this program is continued at the funding level of $5.85 million.

We also thank the Congress for making sure that this book program would survive.

In the 1981 Education Act, both Houses of Congress, with bipartisan support, inserted special wording in its program, in section 583(b)(1), the Secretary's discretionary fund: "From the funds reserved for the purpose of this section, the Secretary shall first fund the inexpensive book distribution program, as carried out through Reading Is Fundamental, at least in amounts necessary to sustain the activities level of operations during fiscal year 1981."

The administration is now asking for special appropriations language to waive section 583(b), thus permitting the Secretary to fund the book program at less than fiscal 1981 and 1982 levels. For fiscal 1983, the administration proposes to reduce the book program's funds by about 8 percent, from $5.85 million to $5.372 million.

RIF recommends that Congress deny the administration's request to waive section 583(b). We also recommend that the committee specify that in fiscal 1983, the book program will be funded at no less than the 1981 and 1982 level of $5.85 million.

The Department of Education has taken note of this program's success. Its budget justification cites an independent study which found that the book program gave most participating children the only books they own. It involved parents in their children's reading and improved the school's relations with parents and with communities.

We constantly hear the same good reports from our RIF projects. From the Miller School District in Miller, S. Dak., for example, a volunteer writes that, "The circulation records of both the school and public library show an increase in interest in reading among the school children which may be attributed at least in part to their participation in RIF."

From the Herreid School in Herreid, S. Dak.—if I pronounced that correctly——

Senator ABDNOR. It's Her-reid.

Mrs. RICHARDSON. Sorry. "I believe this program has helped raise the reading level in metropolitan tests, as well as sparked an interest in reading."

For the record, the administration understated RIF figures in its budget justification. We are now funding some 3,400 projects with more than 108,000 volunteers, 40 percent of whom are parents. The project served 2.7 million children, aged 3 through high school, with about 8.9 million books. Since the Federal matching funds became available, RIF has delivered more than 32 million books into American homes. We do this at a remarkably low cost to the Government, less than $2.25 per child per year.

For each dollar the Government appropriates for this book program, RIF and the local projects contributed more than $3 in funds, goods, and services.

Funds for this program have already been reduced by 10 percent, from $6.5 to $5.85 million. Even before that reduction, we were turning away thousands of applications for lack of funds. Obviously, that trend continues.

If the Congress accepted an additional 8-percent cut, we would have to drop services to some 300,000 children. Last year, the Congress made clear its intent to continue this program and to maintain its funding at no less than the fiscal 1982 level.

RIF respectfully requests that the Congress stand by that intent. We ask this committee to specify that for fiscal 1983, the inexpensive book distribution program would be funded at no less than $5.85 million.

Thank you very much, Mr. Chairman.

Senator ABDNOR. Thank you, Mrs. Richardson. Your entire statement will be made part of the record. We know of your very fine program. Not only have we heard from Herreid and Miller, but a number of our other towns in South Dakota. They're very interested and we thank you very much.

Mrs. RICHARDSON. Thank you very much, Mr. Chairman.

Senator ABDNOR. Our last witness in this panel is Ms. Judy Cohart from the Coalition for Consumer Education.

We welcome you.

STATEMENT OF JUDY COHART

Ms. COHART. Thank you, Mr. Chairman. I am Judy Cohart, executive director of the Coalition for Consumer Education. Our organization appreciates the opportunity to testify before your committee with regard to the effects of the elementary and secondary education block grant legislation on consumer education programs.

We include among our membership representatives of the academic, business, consumer, government, and labor communities, who recognize the need to develop consumer education from as broad a perspective as possible. Some professionals may emphasize decisionmaking skills, while others help consumers develop abilities in either resource management or citizen participation. But all recognize the importance of assisting individuals to cope successfully as consumers in our complex society.

From 1976 to 1981, overall funding for consumer education within the U.S. Office of Consumer Education was $14.8 million. In 1980 alone, the Congress appropriated $3.6 million for this purpose. Then consumer education became one of the special projects consolidated within the elementary and secondary education block grant. While the intent of the legislation was to reduce paperwork and provide States with some discretion in the use of Federal money, the effect has been that of forcing categorical programs to compete for fewer available funds.

As you know, the block grant funds are allocated in two ways: 20 percent of the money will be provided to the State education agency to be used at its discretion and 80 percent is given directly to the local education agencies.

While, in general, complete State plans have not been determined, in State after State our coordinators report that the discretionary money will be used to offset administrative costs at the State education agency or will be added to the amount already designated for local education agencies.

Some States do intend to devote these funds to some of the projects delineated in the law. Maryland, for example, has decided to distribute the money to two of the areas—the handicapped and the gifted and talented programs. We do not criticize using the funds on these projects, but we do express our concern for the 26 other education projects, including consumer education, which will receive no money at all. There are simply not sufficient funds provided to the States to support all of the included programs; and yet, the administration proposes to reduce the present funds approximately $37 million and squeeze even further the fiscal 1982 amount available to education.

Therefore, we recommend that if Congress chooses to continue the block grant program, it reinstate a categorical formula to insure that the programs which Congress has authorized receive targeted amounts of funding.

Second, we recommend that an appropriate means for earmarking money for consumer education would be the funding for a consumer education specialist at the State level who could provide a multidisciplinary approach to the subject.

Finally, at the national level, we suggest that the Congress consider the development of a center that services the broad range of national interests in consumer education.

We believe that this commitment is essential to furthering the development of this important subject and appreciate your consideration of these recommendations.

Thank you for your time.

Senator ABDNOR. Thank you, Ms. Cohart, for your fine statement. Again, I know it puts you under pressure, bringing you in here and giving you the whole sum of 3½ minutes after you draft a full statement that I'm sure says what you want to say. I appreciate the brevity and I apologize for having to make you do that.

We thank all of you for your ideas and statements and it will be made a part of the record. Thank you all very much.

Mr. Edington, do you happen to know a superintendent out there by the name of J. P. Moore?

Mr. EDINGTON. Yes.

PREPARED STATEMENTS

Senator ABDNOR. Give him my regards. He used to be my roommate when I went to college. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF DAVID W. HORNBECK

Good Afternoon, Mr. Chairman, I am David Hornbeck, Maryland State Superintendent of Schools and chair of the Legislative Committee of the Council of Chief State School Officers. The Council is an independent organization composed of commissioners and superintendents of education from each of the fifty states, six extra-territorial jurisdictions, and the District of Columbia. Members of the Council are the principal administrative officers of the public school systems in each state, and as such bear a heavy responsibility for helping to insure that our nation's educational systems are productive and efficient, and that our children are well served by those systems.

The purpose of my statement is twofold. First, on behalf of the Council, I want to comment on the Administration's proposed budget. Second, I would like to express some thoughts relative to the federal presence in American education.

The Council supports the need to re-examine federal programs in all areas. There is nationwide concern over large deficits, high interest rates, and a sluggish economy that is particularly crippling for some states. None of us can ignore these overriding issues. The Council, therefore, proposes that Congress give support to the level of funding for educational programs set forth in the Omnibus Reconciliation Act of 1981. The dollars proposed in that legislation, even though lower that what many believe to be necessary, are funding levels that we feel to be a compromise between the needs of education programs and the necessity of addressing the country's economic priorities. The Council believes the recommendations for education funding made by the Administration in its FY 83 budget include cuts which are too severe, and we oppose those recommendations.

Education dollars represent only a small part of the federal budget. In FY 81, they came to only $14.5 billion out of a total federal budget of over $650 billion, certainly not a great amount. The importance of these dollars may well lie in their psychological impact as much as in their fiscal significance. In Maryland federal aid constitutes less than 10 per cent of the element and secondary educational revenues. The national average is a few percentage points higher for the 50 states, and reaches 15% for a state such as Arkansas. But these program dollars, regardless of the state percentage, carry with them a statement about national priorities and concerns.

When abrupt, major reductions are proposed for programs which serve handicapped children and disadvantaged students from low income families, the impression is given that the nation has either been wrong in showing a federal concern for these children over the past 17 years, or that other priorities now require that children having special needs be dropped from the national conscience.

The Council feels that the federal presence in education is a national statement of what this country values. This preference doesn't mean unlimited support or even major responsibility for any particular program area. It does mean some clear signal of support and a consistency that encourages state and local attention to these areas. It also suggests that a national concern for the human development of special populations is a part of our commitment.

The Administration has indicated concern for special populations as part of an appropriate role for the federal goverment. The Council commends this recognition. In addition the Council would support as elements of a federal presence as articulated by Secretary Bell the priorities of research, equity, and access. The Administration's support for capacity building for states also makes sense in assuring an on-going supervision ability and commitment to the implementation of programs directed to national priorities.

However, the budget proposals from the Administration create doubts regarding its long-range priorities. The cuts recommended are so drastic that they do not allow for a transfer to the states, particularly for those states hard-hit by unemployment and major losses in revenues. Maintaining the funding levels in the Omnibus Reconciliation Act would mean a reduction in service, but would not mean massive disruptions before states can adjust to the "New Federalism".

Let me detail some of the impact anticipated from the Administration's proposals if they were implemented:

ECIA ch. 1: This largest and oldest of federally-supported elementary and secondary education programs supports the federal role in the areas of access and equity and support for special populations. Let me give you a few examples of the projected impact of the ECIA ch. 1 fund cuts proposed by the Administration for the 1983-84 school year: Cleveland, Ohio will lose over $4 million in Title I funds, which will mean elimination of services to over 8,000 children and the release of 230 staff members.

Rhode Island will have to eliminate services to over 6,000 children and release 200 staff members. Indeed, nationwide, the proposed cuts could mean that 2.5 million of the 5.4 million children currently receiving Title I services will be eliminated from the program. Many of us were pleased when some of the Republican freshmen from the House of Representatives took a public position on the importance of Title I and some of the other Federal education involvement. We hope members of the Senate will give similar public expressions of support for ECIA Ch. 1.

ECIA ch. 2: This program, which is the consolidation of over 28 smaller programs passed by the Congress last year, is scheduled to be funded for its first full year of operation in the 1982-83 school year. Funds available under this program serve the federal role in the areas of services to special populations, access and equity, and research and development. Yet, the proposed budget cuts mean that all of these services will be cut to the vanishing point, as these examples illustrate. By the 1983-84 school year, New York State will receive $29.5 million less under this program than under its antecedent programs. This reduction will mean the elimination of 985 staff.

New York estimates that by the 1983-84 school year, only ten districts will have sufficient funds from this program to mount voluntary school desegregation programs, down from 30 districts this year. At the same time, New York will no longer be able to support 150 of 200 districts which currently share information and techniques for improving basic skills instruction, which means that 25,000 pupils and 1,000 teachers will no longer benefit from instrucional successes transferred from other districts. The Council feels this program should be one of the high priorities of the Administration and Congress if a shift back to state and local decision-making is to be achieved.

P.L. 94-142 and vocational rehabilitation: These two programs clearly serve the needs of special populations and increase the access to programs for all parts of our population. Under the Education of the Handicapped Act (P.L. 94-142), less than 10% of the excess cost of educating a handicapped youngster is federally funded; the remaining funds come from state and local sources. Yet, this amount is crucial to the continued support of some of the high cost programs for moderate and severely handicapped students. Similarly, the vocational rehabilitation program provides needed services which help lead to an independent existence for thousands of young people and adults who would otherwise be totally dependent on government handouts. Let me give you a few examples of the impact of proposed budget cuts in these programs: in Maryland, the proposed reduction of EHA funds will lead to the possible elimination of 8400 children from the program, and the release of 276 professional staff. Maryland's vocational rehabilitation system may not be able to survive at all as a statewide system if the proposed FY 83 cuts are adopted. Other states are facing similar cutbacks: Kansas will be forced to release about 120 teachers and eliminate services to 1800 students, and Ohio will lose funding for over 2,000 students.

Vocational Education funding cuts, compiled with reductions and changes in youth employment programs, come at a time when job training is perhaps most appreciated and needed by young people entering a difficult labor market. Private sector involvement in this problem is being developed in a number of states, but absorbing a 45% federal reduction as proposed for FY83-84 is a major threat to these vocational education efforts. Because we are concerned about the fiscal and human costs for these young people, the Council has given extensive time to study and recommendations to Congress on the federal role in assisting the under-employed and unemployed youth. We ask you to fund both vocational education and youth employment programs at adequate levels.

Mr. Chairman, as you can plainly see from these few examples the proposed cuts go beyond what states can sustain without doing extensive damage to our ability to prepare our nation's young people. We have dealt in this testimony with the highest priority items for most members of the Council. We recognize that cuts in Impact Aid, library services and other programs escalate anxiety in the states and local school districts. We have focused on four areas only because of the serious implications of the message conveyed to states if the proposed cuts are made in these programs.

The Council of Chief State School Officers believes that a realistic level for funding of education programs would be that adopted in the Omnibus Reconciliation Act of 1981. The levels proposed in that legislation, even though lower than what many of us believe to be necessary, are an appropriate compromise between the needs of education programs and the necessity to organize the country's economic priorities.

Given our economic situation, there is a general expectation for budget reductions. We ask that any cuts accepted by the Congress are such that segments of our population who have found great encouragement from the federal dollars are not disheartened and alienated. Some priorities, such as the areas mentioned above, should be weighed carefully when you examine the total federal budget. We thank you Mr. Chairman and members of the committee for the interest and importance you have given to this topic.

STATEMENT OF HOWARD MARSHALL

Introduction

Mr. Chairman, I am Howard Marshall, President of the Maryland Association of Boards of Education, and I am pleased to testify on behalf of the National School Boards Association before the Labor/Health and Human Services/Education Subcommittee. The National School Boards Association is the only major education organization representing school board members who govern the nation's public school districts. Throughout the nation, approximately 90,000 of these individuals are Association members. These people, in turn, are responsible for the education of more than 95 percent of the nation's public school children.

Currently marking its forty-second year of service, NSBA is a federation of state school board associations, with direct local school board affiliates, constituted to strengthen local lay control of education and to work for the improvement of education. Most of these school board members are elected public officials. Accordingly, they are politically accountable to their constituents for both education policy and fiscal management. As lay unsalaried individuals, school board members are in the unique position of being able to judge legislative programs purely from the standpoint of public education, without consideration to their personal professional interest. This testimony was difficult for us to prepare. We are interested in how Federal education programs affect the education of public elementary and secondary children. But we are consistently being told by this Administration that these education programs must be a secondary concern because the major concern is the national economy. School board members are very concerned about the economy. As the officials responsible for their school district budgets, the economy is seriously limiting the capability of school districts to absorb the reductions in Federal education programs. The sense that all are fairly sharing in the funding reductions that Congress has passed is evaporating. Unless this perception can be changed, I fear that the respect public officials must have to legislate the policy changes needed to correct the economy will seriously erode. Now more than ever we need leadership from Congress. And, that leadership must be perceived as fair and concerned about the country's economic problems.

Not only must the policies being implemented by Congress be perceived as equitable and as providing a foundation for our nation's future prosperity, there must also be one other element. We must have an orderly legislative process that can be understood by the public. Public confidence must be restored in Congress. This confidence will not be granted when what we must report in our organization's publications is a continuing series of legislative maneuvers that disrupt the normal operations of Congress.

Consequently, we pray that Congress meet its responsibility by passing a regular FY 1983 Labor/HHS/Ed appropriations bill. The National School Boards Association is going to do what it can to make that happen.

To understand what would happen to school districts if the FY 1983 education cuts proposed by the Administration were to be added to the reductions school districts have already absorbed in FY 1981 and FY 1982, one must examine these further reductions in the context of the total intergovernmental fiscal picture.

Education Cuts Are an Inappropriate Response to the National Economy

The argument that more education cuts in elementary and secondary education will bring economic recovery does not fit the situation. As you know, elementary and secondary Federal programs are "advance-funded", which means that the budget authority is put into the Federal budget one year and the funds are outlayed the next year. What this means is that this school year, 1981-1982, the education funding levels are from the FY 1981 Appropriations bill. The public schools have not yet felt the bulk of the education cuts that are yet to come as a result of the FY 1982 reductions. In 1981, Elementary and Secondary Federal education programs were cut about 8% below FY 1980. If we receive the funding levels contained in the current Continuing

Resolution on Appropriations (P.L. 97-92), the schools will receive an additional 9% cut below this school year. If the Administration has its way on rescissions, it will cut these 1982 levels by about 15% more, bringing the total 1982 cuts to 22% below this school year. We hope, of course, that this will not happen through rescissions, through changes in authorizations or appropriations to reduce funding levels or through illegal impoundment by the President. NSBA is carefully monitoring the current case of illegal impoundment in the funding of public libraries. We hope that the Administration will not attempt further illegal impoundments to implement the cuts projected in their latest budget documents for 1982. Nevertheless, in FY 1983, the Administration is proposing to cut our Federal elementary and secondary programs by another 19%. Should Congress implement the Administration's requests, school districts will be asked to absorb a 42% cut in their major Federal elementary and secondary education programs below 1980 funding levels.

Federal Cuts Further Weaken School District Fiscal Positions

The impact of the Federal cuts is going to be compounded, however, by what is occurring at the state and local governmental levels. From the picture we are beginning to get from our districts, we know that their fiscal circumstances are going to be very grim. It is now budget season in school districts across the country for the 1982-1983 school year. Many districts do not yet know for sure how much money they will receive from the state governments. Consequently, many do not yet know the amount of funds that they will have to raise from local sources or, correspondingly, the reductions in education services they will be forced to implement for this next school year. We know that the 1982-1983 school year is going to be a tough year, although it is too early to say precisely what the situation will be. Just recently, the Education Commission of the States reported that while in FY 1981 state governments were contributing more to the school districts than local communities in FY 1982, however, there has been a shift where the trend is now moving in the opposite direction. School districts in the next several years will be more dependent upon their own tax bases, which are predominantly local sales and property taxes. We do know that we are likely to see the following this year:

- local taxes being raised in many communities where it is still possible to do so,
- services being cut for students,
- physical plant repair delayed, and
- the salaries of teachers dropping in real terms again next year.

School districts are facing a bad situation. However, we are beginning to warn the school districts that the 1983-1984 school year will not be an improvement. As you know, the economy in most areas of the country is not doing well. Consequently, local and state tax revenues are down, affecting not only this upcoming school year, but the following one as well. What I am talking about is the funding problem school districts will face at the local and state levels for the 1983-1984 school year, the Federal fiscal year 1983. Our school districts will have already raised taxes or cut services just to get through the 1982-1983 school year. Right now, most states and local economies are generating the base for the revenues for the 1983-1984 school year. Even the economies of our energy-rich states are beginning to feel the combined effects of the depressed national economy and the slumping energy prices. We cannot predict how bad the situation will be, but we know the problem will be more serious than it is this year for many school districts. After school boards trim and raise taxes just to get through this coming school year, the reserves of good will and resources will be gone in many communities across this country. Further cuts in our Federal education programs will contribute to an already bad situation.

There is no more fat to cut. This year thousands of school districts will raise local sales and property taxes, if they can, to compensate for the Federal and state funding cuts and they will still have to choose between academic programs and school lunch programs. By next year they will be asked to tighten their belts still more. I can tell you that this is not a good time to be either a fourth grader or a school board member! The only question for students and school board members is how much more and how long it will last. The answer is up to Congress.

When I speak of the fiscal difficulties of school districts, I am really talking about the opportunities we will be able to provide to millions of children. The Federal education programs have enabled us to do things that, for many reasons, school districts could not do for our nation's elementary and secondary kids. Instead of talking about the possible bankruptcy of school districts, I would rather be telling you how the Federal education programs work in these school districts and identifying what problems still exist to be solved. We are anxious to talk to you about educational issues. But, as we know, the Administration will admit that programs are successful and still propose reductions in the name of the national economy. Overall, the Federal education programs work. NIE research demonstrates that our investment in education is paying off. But that argument is, quite sadly, beside the point this year. This year the issue is basic survival. When I speak of survival, I do not mean that the public schools will disappear. What I mean is the survival of the basic tenets underlying our public school system. These tenets are:

- the right to have access to a high quality elementary/secondary education regardless of current socio-economic status,
- the reasonable expectation that nearly all in the society can achieve a high school diploma, and
- that the provision of a public education system acts as the assurance that the nation's people will have the capacity to perform the deliberation process that is the foundation of a democratic system of government.

There just cannot be any more erosion in our nation's long-term investment in our people's future through education.

If the Administration follows the pattern of the past 14 months, the FY 1983 proposed level will be lowered a number of times throughout the year. Since taking office, the Administration has proposed five reductions in education funding. Bluntly, elementary and secondary education programs are taking a beating at the Federal level and have been doing so since FY 1980. That is a fact -- the numbers speak for themselves.

Reductions in Higher Education is Not an Acceptable Method to Stop Reductions in Elementary and Secondary Federal Programs

This Administration, in public and private meetings, has been using much persuasion to try to lure the elementary and secondary education community into that trap. NSBA will not take the bait. I can only presume that the Administration must not know what we know -- which is that elementary and secondary students grow up and many go on to postsecondary education. We at the elementary and secondary level are the first educational building block that provides our people with an equal opportunity to compete.

The capability of elementary and secondary education to prepare children for their adult choices has a direct impact on the postsecondary institutions of this country. When you examine the Federal elementary and secondary programs, I hope that you will maintain the comprehensive commitment to investment in human capital needed for the long-term economic health of this country.

That commitment includes elementary and secondary education as well as postsecondary education.

We do not want students who are now achieving because of the successes of ESEA Title I and the Education of All Handicapped Children Act to have their potential stunted by not being able to attend a postsecondary institution where further education in the career of their choice is available. Neither do we want their opportunity to develop into the individuals who can benefit from higher education to be taken away by the elimination of necessary elementary and secondary education services now provided by local school systems with Federal funds. Our nation's economic future cannot afford it.

This Administration is dead wrong when they claim that there is no overriding national interest in education. There is a strong national interest and it can be expressed in Federal programs without undermining the local communities' local control of their education systems.

Congress Must Take the Leadership in Correcting the Nation's Economic Policy

The cuts being proposed for our public elementary and secondary institutions in the 1983 Reagan budget will bring neither prosperity nor opportunities to this nation. There is a stiff price to be paid for the legislative achievements this Congress gave to the Administration's economic plan last year. This year we urge you to use the procedures of deliberation that protect the Congress from the ravages of hasty, unexamined proposals. The credibility of Congress rests on its ability to examine, fashion and choose alternatives. It is very important right now that Congress be credible in the eyes of the nation as there is a growing realization that our current economic policies are pushing the nation into a deeper slump. During a time of crisis, it is necessary that people believe in our national leadership. This is the year for Congress to lead.

FUNDING PATTERN FOR MAJOR EDUCATION PROGRAMS
since FY 1980 including the latest
Reagan 1983 Budget Levels and 1982 Rescission Requests

($ in millions)

	I	II	III	IV	V	VI	VII	VIII
Program	1980 Appropriation Levels	1981 Appropriation before Reagan Rescissions	1981 Appropriation including Reagan Cuts	1982 March 10 Reagan Budget Request	1982 September 24 Reagan Budget Request	1982 Continuing Resolution on Appropriations^{4}	1982 Feb. 8, 1982 Reagan Request (incl. resc's. & supplementals)^{5}	1983 Feb. 8, 1982 Reagan Budget Request
ESEA Title I	$ 3,215.5	$ 3,514.3	$ 3,104.3	$ 2,811.8	$ 2,474.4	$ 2,885.9	$2,474.4	$1,942.0^{6}$
Consolidation (Block Grants, including Special Programs)	783.4^{1}	$(612.5)^{1}$	$(521.5)^{2}$	518.6	518.6	536.5	471.3^{6}	433.0^{7}
Impact Aid	825.0	790.0	756.6^{7}	401.0	352.9	459^{3}	$459.^{3}$	286.9^{8}
Education for the Handicapped: Grants to local school districts (P.L. 94-142)	874.4	922.0	874.4	737.6	649.1	981.0	672.4	(638.8^{9})
Vocational Education	779.2	784.0	681.6	623.0	548.2	653.3	549.4	(425.0^{10})
Bilingual Education	166.9	179.8	161.5	139.9	126.5	138.0	123.2	94.5
National Institute on Education (NIE)	74.1	74.1	65.6	61.0	53.6	53.3	53.4	53.6
Child Nutrition	2,799.7	---	$3,325.5^{11}$	---	---	$2,841.8^{12}$	---	$2,667.9^{13}$
oo Gen. Sch. Lunch	(724.7)		(763.7)			(425.5		(452.0)
oo Spec. Assistance	(1,379.4)		(1,608.8)			(1,620.3)		(1,768.9)
oo Breakfast	(249.8)		(321.0)			(355.0)		(0) Block Grant 80% of '82
oo Commodities	(455.8)		(632.0)			(441.0)		(444.0)

---

[1] The Program did not exist in FY 1980 and FY 1981. 44 programs were blocked in the Reconciliation Act (Gramm/Latta II).

[2] The House Appropriation Committee figure.

[3] In addition, $75 million for schools on military bases was transferred to the Department of Defense Appropriations. Thus, the funding level is $534.8 million. The Administration request does not make this transfer. The actual Reagan FY 1982 cut would be $297.6 million from the final 1981 level. Impact Aid is not an advance-funded program, thus these funds should flow this school year (1981-1982).

[4] This Continuing Resolution on Appropriations expires on September 30, 1982.

[5] These proposed FY 1982 education funding levels represent the third Reagan education funding proposal sent to Congress this year. Columns IV and V are the other two proposals. All three columns should be compared to the levels elementary and secondary education has achieved in Congress (See Column VI). Since the Congressionally established levels are a part of of Continuing Resolution that expires March 31, 1982, the Reagan Administration is attempting to force the funding levels downward before the advance-funded program funds must be sent to school districts on July 1, 1982.

[6] This figure does not include $116.2 million in the ECIA Chapter I (formerly ESEA Title I) State Agency Handicapped Program, which is proposed for inclusion in the proposed Handicapped Consolidation.

[7] This funding level includes the Reagan proposal to eliminate funding for 4 separate programs and fold them into the ECIA Chapter II Consolidation. The special programs where funding would be eliminated are Women's educational equity ($5.8 million), Follow Through ($19.4 million), Training and Advisory services ($24 million), and Territorial Assistance ($2.9).

[8] Only "a" school districts will receive funding which is set at 80% of their FY 1982 funding levels. The 80% of 1982 levels will require an authorizing change. If this change does not occur, then the FY 1983 levels will be distributed according to the existing formula.

[9] The Reagan proposal forms a block grant, consisting of the P.L. 94-142 State grant program, the Preschool incentive grants, and the ECIA Chapter I State handicapped education program. Using the Reagan Administration's new FY 1982 levels, the three programs would total $815.4 million. The FY 1983 Reagan level of $771.7 is 5% below the proposal FY 1982 Reagan level. The 1983 figure in this chart has been made comparable with past years, and represents a 5% cut for the state grant program.

[10] The Reagan proposal forms a block grant by combining Adult Education and Vocational Education for FY 1983 with $500 million in funding. Using the Reagan Administration's new FY 1982 levels, Vocational Education represents 85% of the combined funding levels of the two programs. The FY 1983 figure represents, in this chart, for purpose of comparability, the vocational education share of the FY 1983 funding levels assuming funding from the block grant for each program is at existing ratio's.

[11] The program was cut by $1.1 billion this year by reducing reimbursement rates per meal.

[12] This program is not a part of the Continuing Resolution on Appropriations. Rather, it is contained in the FY 1982 Agriculture Appropriations bill.

[13] The level is a cap, and per child reimbursement rates for school lunch will receive a pro-rate reduction in order to stay within the funding level. What this action would do, if passed, is to convert the Child Nutrition program from an entitlement program to an discretionary grant program.

STATEMENT OF GREGORY A. HUMPHREY

I am Greg Humphrey representing the American Federation of Teachers, a union of more than 575,000 teachers and other school employees and of health professionals such as nurses, lab technicians and others. I thank you for providing the opportunity for us to present our views to this vital Committee.

It is well-known, especially in recent years, that this Committee has been a body that takes the needs of education very seriously. I know that your past support for education has caused much friction with the Administration but it is clear to me that your stand on behalf of education is one that the vast majority of Americans support. There is no support among the American people for cuts in education. Every poll in recent years demonstrates this fact. The American people support and are willing to fund their system of education!

It is also demonstrated that education is an indispensable element in economic recovery and growth. Education is the capital investment of all our social programs. It does not cost but rather--it pays. Estimates vary but most show education returning more to the public treasury than it costs. Education increases employability in our workforce and leads to increased productivity in our economic enterprises. Since World War II education has accounted for 40% of all economic growth. Education is the indispensable element in a democratic society.

The President's Fiscal Year 1983 budget represents a massive failure of this Administration and it's policies in the field of education. The Reagan Administration seems to have only one goal when it comes to public education: that is to make education less available and less accessible to the children who need federal assistance the most.

The Education budget proposed by President Reagan for FY'83 must be seen as not worthy of your serious consideration. Your consideration should begin by asking the questions: What education programs are needed by our children? And, what must we do in the field of education to make our country strong and productive?

The most important elementary, secondary and higher education programs are precisely those singled-out for the deepest cuts by President Reagan.

These cuts must be defeated, for if they are not, millions of children will suffer.

For ESEA Title I (now known as Chapter I), the AFT urges an appropriation of the full amount authorized by last year's Reconciliation Act of $3.48 billion. This amount is crucial if Title I is to continue serving the needs of educationally deprived children. Putting additional resources in Title I is an investment that pays dividends for those children most in need. Title I has a record of achievement that cannot be denied, even evaluation done by the Reagan Administration conclude that Title I produces gains in basic skills; that children who have had the benefit of a Title I program do considerably better than those who do not; and, that Title I makes a difference for the children it reaches. Title I has never been fully funded and even the level of the Reconciliation Act will not serve all the children who need a Title I program. That amount will simply stop the downward trend in the number of children served sought by the Reagan Administration.

If the Administration's budget for Title I is enacted, more than 2,000,000 children who are in programs this year will be eliminated by school year 1983-84.

This disaster will result in additional costs to our society in the future. If these children are not helped now it will take more expensive programs to help them later. If no help is provided our society forfeits the productive capacity that will be sacrificed as these children become working adults.

In addition, according to calculations made by the Council of Great City Schools more than 77,000 teachers will lose their jobs. Teachers, however, are not the only vital staff employed through Title I. The AFT represents more than 50,000 para-professionals who work side-by-side in the classroom with teachers. A majority of our para-professionals are employed through the Title I program. The Reagan education budget for Title I will cause more than 150,000 layoffs of teachers, para-professionals and related personnel. In New York City some 8,000 para-professionals are employed through the Title I program and our union there has negotiated a program that provides the opportunity for them to go to college with hundreds already receiving their education degrees. Loss of Title I funding will make this program impossible.

Nearly 8,000 largely minority women will be out of work and out of school as well. Title I must be increased this year.

For other elementary and secondary programs, the President's budget is equally grim. In every case we believe the full amount authorized by the 1981 Reconciliation Act is the minimum needed. For Impact Aid--$475,000,000. This represents a substantial cut below the fiscal year 1981 level of $756,750,000. The cuts in Impact Aid have especially worked against large cities. Baltimore has lost more than $1 million; Boston almost $1 million; Chicago $3 million; Cleveland 3/4 of a million dollars; Dade County $1,900,000; Detroit $651,000; Los Angeles $2.2 million; New Orleans $1.2 million; New York City $22 million; Norfolk almost $4 million; Philadelphia $4.5 million; Pittsburgh $750,000; San Francisco $1.5 million; Washington, DC $3.5 million. Contrary to much that has been written the cuts in Impact Aid have come out of many school districts that are in need of financial assistance.

P.L. 94-142, Education for the Handicapped is a major concern of our members. As in the case of Title I cuts in this program have long-range consequences. Handicapped students who do not receive assistance early on will require more expensive assistance at a later date. If these students are not helped they will require more tax support for additional assistance needed to compensate for their lack of skills and training. The cost and scope of the programs mandated by P.L. 94-142 far exceed the funds the Congress has seen fit to appropriate. This is not the time to cut back on educating the handicapped children and their parents. We urge this Committee to appropriate $1.018 billion as called for in the Reconciliation Act.

Vocational and Adult Education: An Administration that seeks to lead efforts toward making America strong again, yet sends up a budget severely cutting Vocational Education cannot be taken seriously. If reindustrialization is a real priority, Vocational Education must be increased. We urge an appropriation of $735 million for Vocational Education and $100 million for Adult Education. This is an investment in job skills that will return money to the Treasury. The Reagan Administration is now in the process of designing Block Grants for the handicapped and for some vocational education programs. As a response of that action, we would like to make a point of what has happened to the Administration's first Block Grant proposal. The severe cuts in the Block Grant programs tell the tale of what block granting programs mean to school districts. In return for the promised "flexibility" of block grants many cities will suffer a loss of as much as two-thirds of their previous categorical funding levels. In addition, new requirements as to how the dollars must be shared with non-public institutions will mean that even the few dollars remaining will not necessarily be used to support the activities they were designed to fund. By requesting another cut in funds for fiscal year 1983, the President is demonstrating that Block Grants are just a weight-station for programs on the road to elimination.

Bilingual education is an areas with national priorities attached. The AFT asks for the full amount authorized--$139.9 million. As increasing numbers of refugees and aliens with other languages enter our educational system, these funds will be even more important. In a similar area the need of funds for the programs of aid to Cuban and Haitian refugees is well-demonstrated. No local school districts should be expected to meet the educational costs associated with politically generated refugees such as Dade County, Florida has been. While the full $59 million authorized will not cover the full need it will help a terribly exacerbated situation. The program for Cuban and Haitain refugees must be fully funded.

HIGHER EDUCATION

The Reagan Administration has sought to pit elementary and secondary education interests against those of higher education. We reject that false proposition not only because we represent many college faculty, but education is one interest. The AFT opposes any further changes in higher education programs until the effects of last years' charges are clear. If costs for Guaranteed Student Loans are high it is because of interest rates. Action designed to drive students off the loan programs must be restricted.

We also wish to call to your attention the necessity of fighting to preserve the student aid programs which are the Number One priority of the AFT. Much of the attention in higher education has been given to the proposed cuts in the loan program, yet for middle & low income students nothing is more important than an adequately funded system as Pell Grants, Work Study and SEOG's. These aid programs make the difference for many students who cannot afford or qualify for loans. The AFT supports the full $4.082 billion dollars for the six programs of student assistance.

The AFT strongly supports the $170 million authorized for the Trio programs and the $129.6 million authorized for HEA III programs. These programs are vital at a time when minorities are finding it especially difficult to pursue post-secondary education.

In summary, we believe that this Committee should ignore the requests of the Administration to slash education to a level that will guarantee that in a few years there will be no more federal aid to education. When absurd proposals are advanced, serious consideration need not be given them. We recommend an appropriation for the Department of Education of approximately $15 billion. This level will not meet the needs of education but it will preserve a federal role. The goal of the Reagan Administration is to eliminate the federal role in education and their budget is the major vehicle for that effort. Your rejection of this budget is an important element in assuring a continuing federal role in education.

Thank you.

STATEMENT OF MRS. ELLIOT L. RICHARDSON

Reading Is Fundamental, Inc. (RIF) thanks the Chairman and the Committee for the opportunity to testify on the FY 1983 appropriation for the Inexpensive Book Distribution Program (IBDP, Education Consolidation and Improvement Act of 1981, Chapter II, Subchapter D, Secretary's Discretionary Fund, Section 583 (b) (1). RIF has administered the IBDP since 1976 under contract with the Department of Education.

We also thank the Committee for insuring the continued funding of this program at $5.850 million in FY 1982, and the Congress for insuring the program's continuance under the Education Act of 1981.

INTENT OF CONGRESS TO FUND IBDP AT FY 1981 LEVEL

In enacting the Education Act of 1981, both Houses of Congress, with bipartisan support, incorporated the following wording in Chapter II, Subchapter D, Secretary's Discretionary Fund, Section 583 (b) (1):

(b) "From the funds reserved for the purpose of the Section, the Secretary shall first fund

(1) "The Inexpensive Book Distribution Program (as carried out through 'Reading Is Fundamental')...at least in amounts necessary to sustain the activities...at the level of operations during Fiscal Year 1981..."

THE ADMINISTRATION PROPOSES:

- That Congress provide special appropriations language to waive the provisions of Section 583 (b), thereby permitting funding of the IBDP at less than the FY 1981 level.
- That IBDP funds be reduced by approximately 8 percent for FY 1983, from $5.850 million to $5.372 million.

READING IS FUNDAMENTAL RECOMMENDS:

- That Congress deny the Administration's request for special appropriations language waiving Section 583 (b).
- That the Committee specify that the IBDP be funded, in FY 1983, at no less than its Fiscal 1981 and 1982 level of $5.850 million.

ADMINISTRATION AND PUBLIC HAIL IBDP'S SUCCESS

In the Administration's current Budget Justification, the Department of Education, referring to an independent study, recognizes the IBDP's success as follows:

> "A 1980 study...found this program was enthusiastically supported by school personnel, parents, volunteers, and sponsoring agencies at all the sites studied.
>
> "Support...was based on the views that the program represented the only source of books which most participating children had in their homes, that it stimulated greater parental involvement in their children's reading activities, and that it had significant benefits on school-community relations and school-parent relations. The study also found that a majority of the students receiving books developed an overall positive motivation towards reading, had positive attitudes towards themselves as readers, and used a library and brought books home."

Reading Is Fundamental volunteers have been reporting similar results since the program was founded 15 years ago. Last year, RIF commissioned a review of reports and correspondence submitted by 2,722 RIF projects, all of which had been operating for at least two years. The volunteers told of an array of results that come about because of RIF. Most often, they said that RIF prompts parents to greater involvement in their children's reading; that children spend more time reading due to RIF; that their attitudes toward reading show marked improvement; and that communities are taking an active role in RIF and hence, in other educational programs as well.

Educators and librarians also frequently report that RIF is raising reading scores and increasing the circulation of books from school and public libraries.

> For instance, a librarian from the Navajo Elementary School in Albuquerque, New Mexico, writes: "The growth I've seen in the children's reading interests...since we have participated in RIF has been phenomenal. Five years ago, I saw 95 percent of the children selecting over and over again in the library the same short, simple, cartoon-type books...Now I see 95 percent...choosing library books from a wide range of subjects, lengths...and difficulty. Many children are now reading books that are top quality literature...I am also receiving reports from parents and teachers that the children's growth in reading is marked since we have participated in RIF. The children's scores on standardized reading tests have also been climbing annually. We at Navajo think that RIF is a singularly important element of our reading program, one that we very much want to see maintained."

"There are many programs involving federal money," says a parent and teacher at the same school, "To my knowledge there are few that get more mileage per dollar and perhaps none with so much potential."

From Bend, Oregon, a RIF volunteer writes that the "response from parents and children has been overwhelming...The majority of the children involved in this project are rural and 'bussed' in. The chances for these children to go to the public library means driving miles. The enthusiasm from these children made us feel we had met a need in their community."

IBDP DISTRIBUTES MILLIONS OF BOOKS, FOR LESS THAN $2.25 PER CHILD

We would like to note for the record that the figures on the IBDP cited in the Administration's Budget Justification are understated. Currently, some 3,400 RIF projects in the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands and Guam are serving 2.7 million youngsters, age three through high school, at more than 11,000 sites. More than 108,000 volunteers --- nearly 40% of them parents --- are bringing to the children 8.9 million books. Some 6,000 community organizations and businesses support the project with funds, goods and services.

Since federal funds became available, RIF has delivered more than 32 million books into American homes.

RIF accomplishes this at the remarkably low cost to the Government of less than $2.25 per child, per year. Moreover, for every $1 the Government appropriated for the IBDP in 1982, RIF and local projects contributed more than $3 in private funds, goods and services.

IBDP ADDRESSES PROBLEM CRITICAL TO U.S. ECONOMY, CULTURE

As this Committee knows well, some 23 million American adults are functionally illiterate. The latest study released by the National Assessment of Educational Progress showed that millions of American teenagers cannot comprehend and analyze what they read.

According to local communities and to the Department of Education itself, the IBDP is making inroads into this stubborn problem.

It deserves the continued support of the Congress. For in these difficult economic times, when industry has fewer and fewer jobs for those without skills, it clearly does the nation little good to invest billions in technology if American workers cannot read well enough to operate the machines.

IBDP SUCCEEDS --- SHOULD BE FUNDED AT NO LESS THAN $5.85 MILLION

Funding for the IBDP has already been reduced by 10 percent --- from $6.5 million to $5.85 million. RIF turned away thousands of applications for lack of funds even before the reduction. Now, obviously, that trend continues.

If Congress were to accept the additional 8 percent cut recommended by the Administration, Reading Is Fundamental would be forced to drop services to some 300,000 children.

Agreement seems virtually unanimous that this program is succeeding in its purpose --- it is motivating children to read more and to become better readers; it is getting communities and parents actively involved in education.

It meets a vital need in our society, and does so at a low cost. The IBDP has wide support among people from all walks of life --- from national education organizations to parents and local businesses.

The Congress made clear its intent for funding of the IBDP in both the Education Consolidation and Improvement Act and the previous Appropriation.

RIF respectfully requests that the Congress stand by its intent and specify that for FY 1983 this program will be funded at no less than $5.85 million.

STATEMENT OF JUDY COHART

The Coalition for Consumer Education appreciates the opportunity to testify before your committee with regard to the effects of the Elementary and Secondary block grant legislation on consumer education programs.

Since we have only recently organized, we will provide a brief description of the organization:

The Coalition for Consumer Education was initiated approximately a year ago to promote the development of national, state, and local consumer education programs through networks of consumer educators organized in each of the states. We encourage the participation of all individuals who are committed to consumer education. Our membership of more than 1000 and growing, includes: college, university, high school and elementary teachers; national, state and local consumer affairs officials; consumer affairs professionals in business; community and labor leaders, as well as others offering consumer education in nontraditional settings to people of all ages. The national office coordinates this network of individuals who can develop and respond to national, state, and local initiatives affecting the field.

Our members recognize the need to develop consumer education from as broad a perspective as possible. The field is an all-encompassing one. Some professionals may emphasize decision making skills, while others help consumers develop abilities in either resource management or citizen participation. But, all recognize the importance of assisting individuals to be able to cope successfully as consumers in our complex economy.

Not only consumer education professionals, but the general public as well, supports development of these skills, in 1977 the Sentry study showed that 74% of the public at large felt students were not equipped with adequate consumer know-how, and that 92% favored mandating consumer education in our public schools.

However, we might note that according to a recent NIE study, only a small percentage of the high school student population enrolls in consumer education. This observation is not intended to criticize the outstanding efforts of the home economic educators, but to emphasize the need to provide consumer education to more students. Unfortunately most schools have not recognized the basic knowledge provided through consumer education. It is generally not considered a major discipline, as are reading, writing, and arithmetic. Yet adequate grounding in these areas is closely tied to the group of skills, concepts, and understandings essential to effective functioning as a consumer in our society.

Being an educated consumer requires a through comprehension of the factors which affect the social, political, and economic climate.

Although we are active consumers throughout our lives, during our years of schooling, most of us have been taught little that will help us to function effectively in the marketplace. We need to improve the quality of consumer education that is available to people in traditional classroom settings. Additionally, improving and encouraging learning beyond the classroom in nontraditional settings, such as a financial counseling program, reaches an even broader audience. Leadership for this goal must come from the federal government.

In 1978, Congress amended an consumer education legislation, Title III-E of the Elementary and Secondary Education Act. At the time, Congress found that, and here we refer directly to law:

> ". . . That the consumer needs useful information in order to make wise economic choices and Federal involvement is needed to encourage and support the development of consumer education programs throughout the country."

To carry out that mandate, the Office of Consumers' Education supported research through demonstration and pilot projects designed both to develop an interdisciplinary approach to consumer education and to provide educators with pre-service and in-service training programs. From 1976-1981 overall funding for consumer education was $14.8 million. In 1980, alone, the Congress appropriated $3.6 million for this purpose.

Then, in 1981, consumer education became one of the special projects consolidated within the Elementary and Secondary Education block grant. While the intent of the legislation was to reduce paperwork and provide states with some discretion in the use of federal money, the effect has been that of forcing categorical programs to compete for fewer available funds.

As you know, the block grant funds are allocated in two ways; twenty percent of the money will be provided to the state education agency to be used at its discretion and eighty percent is given directly to the local education agencies.

While, in general, complete state plans have not been determined, in state after state, our coordinators report that the discretionary money will be used to offset administrative costs at the state education agency or will be added to the amount already designated for local education agencies.

Some states do intend to devote these funds to some of the myriad of projects delineated in the law. Maryland, for example, has decided to distribute the money to two of the areas, the handicapped and the gifted and talented programs. We do not criticize using the funds on these projects, but we do express our concern for the 26 other education projects, including consumer education, which will receive no money at all. The effect is to eliminate any federal role in the development of these other essential educational areas.

Sometimes the manner in which the decision has been made could be called into question. Consider the case of the state of California. The legislation specifies that a Governor's Advisory Committee will be part of the decision-making process and that public hearings will be held on the state plan.

In an attempt to insure that consumer education programs receive their share of the available funds, our state coordinator organized a small task force to monitor the block grant process. Knowing that an Advisory Committee was to be appointed, the group submitted the names of three well-qualified individuals: a credit counselor, an attorney, and a consumer education consultant, each of whom had excellent credentials, having worked extensively with the public school system and were highly recommended.

Unfortunately, political considerations became the overriding factor in deciding who would be appointed to approximately thirty-five member committee.

As a consequence, the Task Force on Consumer Education prepared to discuss the importance of this subject during the public testimony. When the testimony was heard, it was clear that it was pro forma and it became apparent that the Advisory Committee was not well-informed when a member questioned why people were testifying on consumer education!

This example is typical of the reports, our state coordinators have provided about block grant funds. Clearly, consumer education and the other programs that were included in the block grant will be zero-budgeted. What Congress has done is taken a program that it considered critical enough to support at an average annual level of $3.6 million and through the block grant process, in effect, it has eliminated the consumer education project.

There are simply not sufficient funds provided to the states for there to be money to support all the included programs, let alone the 28 special projects. California, for example, expects to receive one-third of the funds it got from the federal government in the previous year. And yet, the Administration proposes to reduce the present funds approximately $37 million below and squeeze even further the Fiscal 1982 level amount available to education.

Thus, we believe that the block grant formula is not in the national interest, it simply permits a state or local education agency to cater to particular parochical interests who can influence its spending. The federal government loses all control over how our tax money should be allocated. This role is too important for it to abdicate.

Therefore, we recommend that if the Congress choses to continue the block grant program, it reinstate a categorical formula to insure that the programs Congress has authorized receive targeted amounts of funding.

Second, we recommend that an appropriate means for earmarking money on consumer education would be funding for a consumer education specialist at the state level who could provide a multidisciplinary approach to the subject.

Finally, at the national level, we suggest that the Congress consider the development of a center that services the broad range of national interests in consumer education. The goals and objectives must be developed, but the beginnings of such an organization exists in the Consumer Education Resource Network (CERN) which had been funded by the Office of Consumers' Education before it closed down. The purpose of this testimony is not to further the interests of CERN, but rather to stress the importance of maintaining a national focus in consumer education. The center could be given the mandate for the following activities:

(1) provide leadership and coordination of consumer education concerns which demand attention on a national level--such as the study of inflation, taxation, employment, and individual and family financial management;

(2) support research and development to broaden consumer education to include effective citizenship in all areas of consumer decision-making;

(3) provide a national network for the dissemination of improved practices, resources, and technical support services;

(4) encourage the cooperation of consumer interests in business, consumer groups, education, government, and labor to work together in the development of the field.

We believe this commitment is essential to furthering the development of consumer education. We appreciate your consideration of these recommendations.

Thank you for your time.

Recommendations:

1. If the block grant program is continued, insure on-going support for consumer education through categorical funding.
2. Suggest to the states that an appropriate use of consumer education money would be to support a consumer education specialist who could provide a multi-disciplinary approach to the subject.
3. Earmark funds in money available at the national level for the development of a center that services the broad range of interests in consumer education on a nationwide basis.

STATEMENT OF THOMAS ROSICA

The Council of the Great City Schools is pleased to take this opportunity to testify before this Subcommittee on federal spending for education-related programs.

Currently in its 25th year, the Council and its 28 member districts serve nearly 5 million young people, 30% of whom are from families below the poverty line and 75% of whom are minorities. On our board sit the Superintendent and one Board of Education member from each district, making the Council the only national organization so constituted and the only education coalition whose membership is solely urban.

Mr. Chairman, the school districts represented by the Council have changed dramatically over recent years. Our enrollments have dropped an average of 23.9% between 1970 and 1980, compared to the national decline of 14.2%; and our numbers of poor children have increased by 25% over that period, even though the numbers of such children throughout the nation dropped. Despite the increasing concentrations of hard-to-serve high-cost youngsters, the city schools are now witnessing an upsurge in the achievement of students. The majority of our member inner-city districts now show achievement scores at or above national norms. We are convinced that this improvement is attributable, in part, to federal funding.

In this testimony we would like to present you with an overview of the impact of the recent budget cuts on our districts. These cuts have been, and will be, particularly hard-felt in the urban areas, for nearly 16% of big city school revenues come from Washington as compared to the national average of 8%.

The 28 urban districts comprising the Council received about $1.6b in federal funds last school year (1980-81). Of the $1.4b that these systems receive from the federal government this year, about $827m or 59% of it comes from the Department of Education. (Last year these systems received $968m of their $1.6b from ED). This $827m represents 12.9% of the $6.4b FY81 ED budget for elementary and secondary education.[1]

Between last school year and this one, our districts lost 14.6% of their monies coming from the Department of Education because of the rescissions passed last year. If no further changes are made to the present FY82 Continuing Resolution, then our districts will lose an additional 13.9% of their ED funds in the 1982-83 school year. We would lose 28% or $234m of our ED monies next school year if the Administration's proposed rescissions in FY82 are accepted. If the Administration's proposals for FY83 are accepted, our districts' ED monies will shrink to $493m in the 1983-84 school year, a 49.1% cut from the 1980-81 school year.

---

[1] This $6.4b was computed by adding the FY81 final appropriations for Vocational and Adult Education, Compensatory Education, Special Programs and Populations, Education of the Handicapped, Bilingual Education, Indian Education, and Impact Aid.

The 13.9% cut (about $115m) between this school year and next represents 22% of the cuts made to ED elementary and secondary programs, and the $234m cut represents about 16.9% of the reductions under Reagan's FY82 revised requests. Another 11.6% of the proposed cuts would be absorbed by these 28 districts in the 1983-84 school year.

The Council's member districts, then, which contain 10.5% of the nation's public school enrollment, will absorb 22% of the cuts under the FY82 Continuing Resolution, 16.9% of the cuts under the FY82 revised requests, and 11.6% of the cuts under the FY83 requests for elementary and secondary education programs. The declining rate of cutbacks to urban schools appears to be due to the fact that by FY83 there will be no highly-targeted programs left. The table below translates these ED cuts into per pupil terms.

	Loss FY80 to FY81	Loss FY81 to FY82 CR	Loss FY81 to FY82 Revised	Loss FY82 CR to FY82 Rev.	Loss FY82 Rev. to FY83
U.S. Total Minus Council	$13.50	$12.20	$33.20	$21.00	$21.50
Council Total	$34.10	$27.80	$56.50	$28.80	$24.20
Ratio	2.5:1	2.3:1	1.7:1	1.4:1	1.1:1

The total ED money lost to the urban schools is approximately what it costs to send each child in our districts to school for ten additional days per year.

This inordinate financial burden on city schools is the result of cuts made as deeply to targeted programs such as Title I as to general aid programs. Under Title I, not only will the cities be cut 4% under the Continuing Resolution but will lose the entire Concentration grant program as well, resulting in a loss of 10% to the average big city in Title I funds in the next school year. Another 13.2% in Title I funds would be lost under the FY82 revised request, and a further 17.6% would be lost under the FY83 requests. The decrease from the 1980-81 to the 1983-84 school year for these cities would amount to 39.7% under Title I.

As an aside, the Department of Education testified before this Subcommittee that states and localities could operate Title I programs at an average cost of about $400 per pupil. While there are excellent individual projects at that level, only three states and no cities have an average per pupil cost as low as that.

The cities will also lose disproportionate funds under the new education block grant, Chapter 2. In the 1980-81 school year, the urban districts received $135.5m in programs that will go into the block grant; in this school year they were cut to $91.4m due mostly to rescissions to ESAA. Chapter 2 will yield only about $36.9m to these districts next school year under the FY82 Continuing Resolution, about $35.8m under the FY82 revised request, and approximately $32.9m under the proposed FY83 request. The drop in funds from 1980-81 to 1983-84 would equal 75.7%.

Cuts to the Impact Aid program have also been dramatic in the cities. During last school year, the cities received about $62.4m in Impact Aid, mostly from the program's low-rent housing component. This school year the cities will receive approximately $19.7m in funds and would receive only $6.8m next school year under the Administration's FY83 requests, a drop of 89.1% in two years.

Losses to the cities from other programs like Vocational Education would be approximately equal to losses in other kinds of districts since none of these programs are targeted on areas with high concentrations of poor residents.

Another $466m in federal funds received by the Great City Schools comes from the Department of Agriculture, whose appropriations are not within the jurisdiction of this Subcommittee. This amount constitutes about 33% of all funding the urban schools receive from the federal government. (Last year the percentage was 27.2%). That percentage will rise to 50% by the 1983-84 school year because of cuts in other school areas.

The third major source of federal funding to the big city schools comes from the Department of Labor. Last year approximately $178m in CETA funds came to the city schools for adult and youth employment training; this year the amount is only $47m. Most of the reductions were the result of the elimination of public service jobs-slots and curtailment of spending for job training. The slots that have been eliminated were filled by security guards, teacher aids, food service personnel, and others. The end of this school year will see the termination of all federally-funded youth training programs that have operated in the cities since 1978.

The remaining $60m (4.3%) in federal funds to our urban schools come from a variety of sources. Eighteen million comes from the D/HHS to operate school-based day-care programs, $19m to conduct Headstart and other pre-school efforts, and $11m to assist newly arrived refugees. From the D/HUD is received another $11m in Community Development Block Grant funds to convert closed school buildings for community use; and the remaining $6m come from sources like the Corporation for Public Broadcasting, and the National Endowments for the Arts and Humanities. In general, these programs are to meet specialized needs in particular districts.

If the Administration's rescissions are accepted, we have estimated that our districts will lose about $300m in funds between this school year and next. A cut of this size would put the jobs of approximately 12,000 people in jeopardy and would curtail or eliminate services to about 235,000 inner-city youngsters. The elimination of that many positions in the schools is sufficient to raise the rate of unemployment in the cities an average of one-tenth of a percentage point.

Mr. Chairman, from this Subcommittee our 28 urban districts draw about $917m this school year (compared to $1,189m last year). Next school year under the present Continuing Resolution, these districts will receive about $754m, a decrease of about 36.6% from the 1980-81 school year.

We believe that the urban schools have had to absorb more than their fair share of the cuts, and that supplementary aid in highly targeted programs like Title I is now warranted.

The magnitude of these cuts would not be so bothersome if there were some assurance that the loses could be made up from local or state funds. Local funding sources in the cities, however, are almost dry. Between 1970 and 1980 revenues from local sources in our 28 cities have increased by less than 10% in nominal dollars. And many states are calling their legislatures into special sessions to close funding gaps without result.

The districts represented by the Council are among some of the poorest in the nation. Only two of our districts are stable enough financially to hold a (Aaa) bonded debt rating, and rely heavily on federal funding not only to maintain themselves financially but to provide much needed supplementary services to high cost children.

The assertion on the part of the Administration that the poorest of the poor will not be hurt is simply incorrect. Cutbacks in areas that at first glance appear unrelated to urban schools are converging on them in a fashion that spells disaster for the quality of education in our metropolitan areas. In its zeal to cut federal spending, the Administration has simply turned its back on the positive long-range benefit that schools have in increased productivity, employment, family stability, and individual initiative. The results of this shortsighted policy will be profound and debilitating, especially as the nation needs to invest heavily in its most important resource, our citizenry.

Summary of Losses to 28 Great City School Systems
(in thousands)

Education Programs	(1) FY80 1980-81	(2) FY81 1981-82	(3) FY82 Cont. Res. 1982-83	(4) FY82 Revised 1982-83	(5) FY83 1983-84	(2-4) Loss
Title I A	$ 557,500	$ 532,100	$ 478,700	$ 415,500	$ 342,200	$ 116,6
Title I (N/D)	800	800	800	600	500	2
Title I (Migrant)	1,900	1,900	1,900	1,500	1,300	[illegible]
Title I (Handic.)	1,200	1,600	1,500	1,200	58,000*	[illegible]
PL 94-142	77,200	74,800	79,300	57,500		17,3
Impact Aid[1]	62,400	19,700	---	6,800	0	12,
Vocational Ed.	61,200	52,400	50,200	40,000	38,800*	12,4
Adult Ed.	14,200	12,500	10,800	10,600		1,9
Bilingual Ed.	30,000	28,000	22,800	20,800	17,200	7,2
Indian Ed.	2,400	2,400	2,200	2,100	1,500	3
Follow Through	8,900	4,800	3,500	0	0	4,8
CRA-IVA	1,600	2,000	1,300	0	0	2,0
Career Ed.	400	400	400	0	0	400
Law Ed.	700	800	700	0	0	80
Women's Equity	300	100	100	0	0	100
Alcohol/Drug	700	800	800	800	600	0
Title IV-B	24,500	23,200				
Title IV-C	13,000	7,700				
ESAA	90,100	55,600				
Teacher Corp	2,900	2,100	36,900*	35,800*	32,900*	55,600
Teacher Centers	1,900	1,000				
Basic Skills	1,500	900				
Others+	1,600	900				
Education SUBTOTAL	$ 968,000	$ 827,000	$ 712,000	$ 593,000	$443,000	$ 234,000
Labor Programs						
CETA	$ 178,000	$ 47,000	$ 0	$ 0	$ 0	$ 47,000
Agriculture Progs.						
Child Nutrition	442,000	466,500	504,600	466,700	487,500	+ 200
Energy Programs						
Energy Grants	2,800	4,500	1,200	1,200	0	3,300
Housing Programs						
Community Dev.	4,600*	10,700*	10,200*	10,200*	8,600*	500
HHS Programs						
Refugee Aid	10,800	11,500	10,900	0	0	11,500
Day Care	19,200	17,900*	17,800*	17,800*	14,700*	100
Headstart	13,000	13,600	12,900	12,900	12,900	700
Other	200	200	200	0	0	200
HHS Subtotal	$ 43,000	$ 43,000	$ 42,000	$ 31,000	$ 28,000	$ 12,000
Independent Agency Progs.						
Public Broadcast	$ 1,400	$ 1,600	$ 1,300	$ 1,300	$ 1,000	300
GRAND TOTAL	$ 1,640,000	$1,400,000	$1,271,000	$1,103,000	$ 1,018,700	$ 300,000

+Other Block Grant programs include Gifted/Talented, metric education, national diffusion network, community education, sumer education, ethnic heritage, cities-in-schools, arts education and others.

*Monies supplied by Block Grants.

[1] Funding for Impact Aid under the FY82 Continuing Resolution is obligated during the 1981-82 rather then the 1982-83 sc year.

[2] The grand total and subtotals have been rounded.

STATEMENT OF MARY HATWOOD FUTRELL

Mr. Chairman and Members of the Committee, I am Mary Hatwood Futrell, Secretary-Treasurer of the 1.7 million-member National Education Association (NEA), an organization which represents teachers and support personnel in the public schools and in institutions of higher education in every state of the union. I am pleased to have this opportunity to present to you today the NEA's view on the current appropriations process for federally funded education programs.

As you know, the NEA has been a strong supporter of the role of the federal government in education--a role which began early in our nation's history to make quality public education accessible to all Americans. NEA is proud of the part it played in the 1980 creation of the Department of Education. The Department has been an important vehicle for streamling management of and increasing the accountability of all federal education policies and programs, and for creating a voice for education at the highest levels of government.

In that vein, the NEA will not sit idly by to watch the dismantling of the Education Department nor the slashes in federally financed education programs currently proposed in the Reagan Administration budget. We find the Reagan budget an affront as well as a true threat to the access of students to quality education that will affect America for decades. The President has proposed axing programs which were established specifically to increase accessibility to educational opportunity, enhance the quality of education, and provide financial assistance to local school districts. The President would cut support for proven, successful programs at a time when states and localities are least able to pick up the slack. In short, the President is attempting to make public policy while wearing blinders to the future.

A closer look at several of the programs scheduled for a session on the chopping block will point out our central concerns in this struggle to keep education the bedrock of the future for generations of Americans to come.

Title I of the Elementary and Secondary Education Act

It is truly ironic that President Reagan has included, among his cuts in federal aid to education, a program that his own appointee, U.S. Education Department Secretary Terrell Bell, has called "a smashing success."

Indeed, since its inception in 1965, the Title I program, which aids students needing to sharpen their reading and math skills, has become increasingly important as an effective tool in laying a strong education groundwork for millions of U.S. students. The program, currently funded at $3.5 billion, reaches only 45 percent of the nearly 11 million students classified as "low achievers" in the 14,000 school districts nationwide. The President has proposed lopping another $1.6 billion from Title I programs, effectively shutting the door on some 2.3 million children in need, a move that will cause nearly 80,000 specially trained teachers and staff to lose their jobs.

Is this truly a cost-cutting exercise by the Reagan Administration? We feel that the President has more in mind than cost-effectiveness, namely decreasing the federal role in public education. The Title I program--perhaps more than most federal programs--should meet all of the Administration's criteria for effectiveness. Programs are run at the local level; significant gains are made by the participants in the most basic of skills--math, reading, and writing; and the program reaches 86 percent of local school districts with funds to assist disadvantaged children.

We at the NEA believe that the President is showing callous disregard toward those truly in need, as well as exposing the shortsightedness of his national policies.

Impact Aid

Impact Aid is another program the Reagan Administration has chosen to put on the firing line with its current proposal to cut more than half of FY '81's funding of $790 million back to the level of $288 million in FY '83. This move, we believe, will do dire harm to already bleeding school districts in the nation's largest federally impacted areas. It is also paradoxical that the President is proposing cuts to a program largely run on local autonomy--a supposed keystone of his proposals for empowering states and localities. Under Impact Aid, school districts decide how and where to spend funds.

Bilingual Education

The NEA has long been on record in support of bilingual education as an integral part of our pluralistic society. We have often expressed our belief that the federal programs designed to aid bilingual education should be operated with the goal of helping English-language-deficient newcomers to this country to be comfortable with English as soon as possible. This goal becomes an imperative for education programs as this country becomes the haven for refugees from many countries, including, Cuba, Haiti, Cambodia, Laos, and many others. Local and state funding sources should not bear the brunt of what is a national concern.

At a time when increasing numbers of refugees and aliens are entering our society, President Reagan is calling for cuts in federal funding for bilingual and English-as-a-Second-Language programs. The NEA feels that funds for these programs must be maintained at least at their 81-82 school year levels if we are to be able as a nation to fully integrate our newest arrivals into the mainstream of American society.

Vocational and Adult Education

President Reagan has talked a great deal in the past year and a half of his plans to revitalize the American economy. He is pursuing a gameplan with which the NEA has a great many policy problems, but the goal of which NEA shares: the strengthening of the economy.

NEA views as one of the most essential investments in the economic revitalization of our country the education and training of our citizens. The Vocational Education Act has been an important element for the past two decades in the successful preparation of many millions of students for productive, meaningful jobs in the nation's public and private sector workforce.

It is ironic, then, that at a time when the words "productivity," "reindustrialization," and "international competition" bounce off the lips of most Administration economists with great frequency, that same Administration is proposing to cut by some 30 percent programs aimed at training citizens. This is another classic example of Administration tunnel vision.

The NEA strongly feels that vocational education funds must be kept at least at current school year levels for FY '83. Moreover, for the program to operate effectively, it must not be lumped together with adult education in block grants to the states. NEA views this proposal as another attempt of the Administration to coyly phase out this vital education program.

Education of All Handicapped Children

NEA supported passage of the 1975 Education of All Handicapped Children Act and, since that time, has taken an active role in the development of regulations to ensure effective implementation of the law as it relates to the classroom. Over the years, one of the most constant concerns of our members in dealing with P.L. 94-142 in the classroom has been the lack of adequate federal funding to assist the program.

Now, however, President Reagan has proposed slashing even more of the federal commitment to the program and wants to make it part of a block grant after next fiscal year. Cuts of this sort would make it next to impossible for classroom teachers to provide a serious and meaningful setting for education of the handicapped. We urge you to fight the proposal to put this program in a block grant and to keep funding at least at its current level for FY '83.

Guaranteed Student Loans

A clever ploy currently being used by the Reagan Administration has been the attempt to split the education community with a budget document that purports to show a decreasing proportion of support for elementary and secondary education because of an increasing proportion of funds going to higher education.

A closer look at the Administration's attempt to decimate one of the federal sssistance programs for higher education students will prove my point. The Guaranteed Student Loan Program has aided many millions of students since its inception in 1965. Currently, nearly three million students receive these seven and nine percent interest loans. With the Administration's proposed eligibility restrictions, however, more than one million students would effectively be cut off from badly needed assistance.

In addition, the President wants to cut graduate students out of the GSL program. Six hundred thousand of them--many enrolled in our nation's medical and law schools--would lose loans that they currently rely on for their education.

The NEA, which counts among its membership nearly 100,000 personnel in institutions of higher education, feels that these cuts will leave their mark on our nation's citizens for many decades to come.

Conclusion

Mr. Chairman, my teaching colleagues in classrooms across this country and I are steadfast in our commitment to this nation's children and to the American goal of educational opportunity for all. We view our role as educators as one in which we must keep an eye to the future. In order for our country to meet the future head-on--with its growing technological demands and increased levels of economic competition from other countries--our citizens must be prepared educationally. Instead of the current Administration's leadership providing us with the guidance to enter this exciting yet demanding period of our nation's history, we are led by a man trying to make scapegoats of the nation's youth under the guise of balancing the budget or reducing inflation.

The current national debt of well over $100 billion is not the fault of American students. We could take the very foolhardy approach to the balancing-the-budget act, however, and eliminate the entire federal education budget--a sum of nearly $16 billion. That action would not even make a dent in that national debt level. I suggest rather that the President more closely scrutinize his debt-causing, inflation-producing $243 billion defense budget for cutbacks that indeed will make a difference in our tremendous debt.

In the meantime, the NEA rejects the President's proposed education budget and is ready and willing to work with this Committee and the Congress to develop alternatives truly aimed at keeping American public education the best in the world.

Statement of Everett D. Edington

I am Everett Edington, Professor of Educational Management and Development at New Mexico State University. My other responsibilities include Director of the ERIC Clearinghouse on Rural Education and Small Schools and Director of the New Mexico Center for Rural Education. I am also past President of the Rural Education Association of America and one of the founders of the Special Interest Group on Rural Education and the American Educational Research Association. Much of my professional life has been related to education in rural America.

I believe the major role of the federal government in education is that of supporting research and providing quality information to the decision-makers at the state and local levels in order that they may be able to make their decisions for themselves. My testimony today will be based on that position. If people at the local and state level in elementary and secondary education do not have the reliable information to make decisions, it will be much more difficult for them to provide quality and cost-effective educational programs for the children for which they have the responsibility. While much of my testimony may seem to indicate that I am only supporting research and dissemination, it is the support of this research and dissemination that is so essential to have the reliable information available for those people at the local level to make their decisions.

A major role of the federal government is that of conducting research, primarily through the National Institute of Education (NIE). I would like to request that the support of the National Institute of Education be the total authorized by the reconciliation authority for fiscal year 1983. In the past there have been substantial decreases in the amount of funding to NIE which has made it extremely difficult to carry out their mission as described in statutes. The reconciliation authority for NIE is 55.6 million and I request that this amount be appropriated in the 1983 budget. This will allow NIE to barely maintain an adequate level of research which is necessary for the development of information basic to the maintenance of our educational programs.

I question very strongly, however, the rationale behind some of the programs which NIE funds. I vigorously recommend that the Congress look at the agricultural model where the federal government cooperates with the universities in the states in conducting research. The success of this tradition is obvious. This enables the use of federal and state resources to go much further and get much more for the dollar by means of the cooperation. Within the universities there is expertise to conduct the necessary research. In addition to the expertise to conduct the research, the universities are close to the people with the problems and thus able to help identify the questions from where we need research. I further question the advisability of the existing regional laboratory and research and development programs where competing institutions are financed from federal resources. I strongly recommend that NIE and the federal government no longer fund these competing institutions and develop a much more efficient method of funding research by cooperative arrangements with universities in the field. I also recommend that as soon as possible that all research go on open competition. The millions of dollars going to those regional laboratories and centers should be parceled-out in smaller amounts. A wider variety of pressing problems could be solved. In this respect, I heartily concur with NIE Director, Edward Curran, in his recent address to the American Education Research Association wherein he recommended that there be competition for the research fund available from NIE.

Dissemination is also a very important function of the federal government. I would like to speak in support of adequate funding for two agencies. One is ERIC, the Educational Resources Information Center which is part of the NIE and the second is the National Diffusion Network. In the recent study by King Research Incorporated, there were a number of findings which point out the efficiency of the ERIC program. ERIC information is available in an estimated 3,269 different locations across the United States which makes this information available to nearly every local educational agency within the nation. The ERIC resources were used more than 2.7 million times annually in providing educator users with more than 30 million bibliographic records and/or primary documents. They also found that the 1.8 million persons employed in the educational community in the United States approximately 33.2 percent of these persons have used the ERIC resources. The total annual expenditure for the development, distribution and use of ERIC information in the United States is estimated to be 136 million dollars and approximately 4.1 percent of these funds are provided by NIE's ERIC program. On the average, an hour of ERIC usage costs approximately $12.90. The NIE contributes about $.53 per each hour of use while access points contribute $2.50 and clients contribute $9.70. This is an excellent example of partnership programs the federal government could engage in and thus get much more use of their dollars. Also, information is voluntarily sought by user-educators. Our school teachers are free to use it or reject it. Information and its use carries no obligations or subtle controls. For the past several years, ERIC has either been level funding or reduced funding. I would strongly recommend that ERIC be increased from approximately 4.92 million now funded to approximately 6.8 million dollars. This would enable it to continue to provide further information at the state and local level. When the ERIC budget is adjusted for inflation it is at 39% of the 1969 figure while handling 61% more documents.

The second dissemination program I would like to discuss is the National Diffusion Network. The National Diffusion Network is that type of program which develops new materials and programs at the grassroots level and shares them with others at the grassroots level. Many of those academic programs were established from local school district budgets. At present the National Diffusion Network is funded out of the Secretary of Education's discretionary fund of which he gets a portion of that money which is allocated for block grants. I would like to recommend that the National Diffusion Network have a line item appropriation and that this appropriation be at the same level as this year which would be 10.3 million dollars. I would like to recommend that as soon as possible this be increased to 12 million dollars which would enable the Network to function at an adequate level.

Permit me to turn the discussion to that of education in rural America and the role and responsibility from the federal level. Again, I would strongly urge that the responsibility at the federal level be primarily research and the providing of adequate information for decision making. It is extremely important, however, that whatever federal programs are in existence that the regulations are drastically reduced. Due to restricted staff size it is impossible for small rural school districts to do the volumes of paperwork necessary to meet the requirements dictated by the federal government.

The next proposal and closely related to the first is that of the elimination of categorical grants. A small rural school may be eligible for a number of these grants. The amount of money in each one is not worth writing the proposals and developing a final report. Federal paperwork demands are outrageous for the money received. These could be lumped together in a block grant which makes it much more efficient and economical for the small rural school. A great many of these categorical grants may not be but from 1,000 to 2,000 dollars and with a limited staff and a small amount of money it is not worth their time to even apply, let alone do the evaluations and develop the reports for obtaining this money.

The third proposal relative to the rural schools is that to insure that there is equity in all the regulations by the Department of Education. I realize that the Department has started to look into this and I think they should continue and Congress should require that there no longer be the bias toward the education in rural America that there has been in the past. I realize that most of this may have been unintentional, the bulk of the regulations and laws have been written for education in urban and suburban America. Related to this is also the bias of peer reviewers who are contracted by the Department of Education to read proposals. It should be required that a specified number of these come from schools in rural America. I recently had a proposal submitted to the National Institute of Education which had two extremely high marks by readers and the third was quite low. In violation of ground rules that reader indicated that I should be studying small cities as well as rural areas. This was direct bias against rural America and the lack of understanding of the problems which we share in the small rural schools.

It is timely to recommend that there be a person in the Under Secretary's office to insure that rural biases are eliminated. This person would be the spokesperson for rural education within the Department of Education. Further, I would suggest that all future funding bills be studied very closely to insure that rural America receives their fair share and that the categorical grants be effectively clustered together to make it economical and feasible for the small rural schools to utilize these resources.

I appreciate the opportunity to testify and am pleased that the committee saw fit to invite at least one person to testify from rural America and away from the Washington establishment.

BILINGUAL EDUCATION AND IMPACT AID PANEL

STATEMENTS OF:

THOMAS MANGANO, CONSULTANT, EAST MEADOW PUBLIC SCHOOLS, EAST MEADOW, N.Y.

DR. BRUCE H. CROWDER, SUPERINTENDENT OF SCHOOLS, HIGHLAND FALLS, N.Y.

URSULA M. WILSON, BOARD OF EDUCATION, GANADO, ARIZ.

JILL KINCAID, EXECUTIVE ASSISTANT, LEAGUE OF UNITED LATIN AMERICAN CITIZENS

JAMES J. LYONS, LEGISLATIVE REPRESENTATIVE, AMERICAN COALITION FOR BILINGUAL EDUCATION

Senator ABDNOR. Our next panel is on bilingual education and impact aid. We welcome you all to the panel and I know the hour is getting late and some of you have to leave. Because of that, we're going to rearrange the order of the panel. Tom Mangano will be first. Then Dr. Bruce Crowder next. I certainly don't want you to have to miss your airplane. So we can start right out with you.

STATEMENT OF THOMAS MANGANO

Mr. MANGANO. Thank you, Mr. Chairman. We appreciate your consideration.

My name is Tom Mangano and I represent the East Meadow School District, East Meadow, Long Island.

Mr. Chairman, presently many school districts across the country, certainly those on Long Island, are preparing to meet the responsibilities to the community that they serve by developing a school budget whose primary purpose is to finance a viable and meaningful program of instruction.

I must say that it's disappointing to consider the very real possibility, however, that the Federal Government is not meeting its responsibility with the same vigor or concern that we are.

For several school districts across this Nation, the East Meadow public schools being one of them, have been advised that the Impact Aid program is being threatened with ultimate elimination or reduced to such levels where elimination and reduction mean one and the same thing. In essence, we are being told that in the name of balancing the national budget, the Federal Government is foresaking its responsibility for sharing in the burden of educating children in federally impacted areas. The alleviation of one burden is simply translated into the creation of another one.

The solution to the Federal Government's monetary problems is to be placed squarely on the shoulders of local taxpayers.

The Impact Aid program enacted over 30 years ago identifies federally connected children, military and civilian alike, and also clearly identifies the burden which Federal installations place upon revenue-producing properties. As recently as 1981, the Commission to Review the Impact Aid program reinforced the Federal Government's responsibility to these children and the communities in which they reside.

The East Meadow public schools has certainly done its fair share. We have kept our end of the bargain over these many years. Every instructional and related service, including remediation, gifted education, program and career counseling, psychological services, summer school and arts programs, sports and scholarship opportunities have been made available to all of our residents, civilian and military alike, without exception.

But we are now being told that we must continue, not only to meet our educational obligations, but assume the Federal Government's financial obligations as well.

Since 1978, the East Meadow school budget has increased 26 percent, while Impact Aid payments have decreased 27 percent, from $541,000 to $393,000. Since 1978, the East Meadow school population has declined from approximately 11,000 students to 7,900, a decline of 21 percent, while our military population has remained relatively the same.

Each year, as our school population continues to decline and our military population remains the same, the impact becomes even greater. And still we are told that these Impact Aid funds must continue to be reduced. Where, I wonder, is the logic, the morality, the sense of fair play?

Schools and localities continue to do more while the Federal Government vigorously strives to do less. It appears most paradoxical that our administration, who, on Inauguration Day, promised to launch a new beginning, who espoused the practice of a dollar paid for a dollar earned, has chosen to ignore its own promises when it came to the education of our children, and has chosen instead to launch this new beginning on the already bent backs of the local taxpayers.

We in East Meadow are well aware of the country's priorities in this very difficult world. We only ask that these priorities be put into proper perspective and do not overshadow concerns which deal with our children and their future.

The question we must ask, then, is simple: Who shall meet the responsibility for the education of federally connected students? There really is only one fair, justifiable answer—the Federal Government itself. Some sad lessons may truly be learned by our children—indeed, all of us—if this administration's budget-cutting machinery continues on its present course. Lesson 1—when the going gets tough, the Federal Government may rewrite the rules to its own advantage. Lesson 2—30 years of harmony between the civilian and military residents can be quickly shattered by the fears and dissension such uncertainty causes. Lesson 3—as a reward for keeping his end of the bargain, the local taxpayer is being shackled with additional burdens and increased obligations.

It is my hope, Mr. Chairman, that the subcommittee will exercise through its good offices every effort to restore Impact Aid payments to realistic levels. By doing so, it will reinforce the belief that the Federal Government cannot abandon its fiscal responsibility to children and the schools who serve them. It will also demonstrate that it possesses the foresight and vision to see what the present administration has not. And that is the need to protect our ability to maintain the integrity of our educational programs throughout this very Nation.

Thank you, Mr. Chairman.

Senator Abdnor. Thank you, Mr. Mangano. Do you have mostly A's or B's?

Mr. Mangano. We have mostly A's, Mr. Chairman.

Senator Abdnor. What percent of the enrollment is that?

Mr. Mangano. At this point in time, it's approximately 6 percent of our enrollment, but that's constantly on the increase as our civilian population declines.

Senator Abdnor. We have some, I know, going in other areas up near the 100-percent level.

Thank you very kindly. Our next witness will be Dr. Bruce Crowder, who is the superintendent of schools in Highland Falls.

STATEMENT OF BRUCE H. CROWDER

Dr. Crowder. Mr. Chairman, I am Bruce Crowder, superintendent of the Highland Falls-Fort Montgomery Central School District in Highland Falls, N.Y. I thank you for this opportunity to testify regarding Public Law 874 funding for fiscal 1983.

Highland Falls was known as "Hometown, U.S.A." because of the role it played as the town that greeted the former hostages in Iran when they returned to the United States. Another related distinction of my community is the United States Military Academy at West Point, which through property acquisition during the expansion period in the early forties, occupies most of the town, leaving us a meager 7 percent of the original land mass from which we must raise funds to support school and community services.

The presence of the military academy places a particular burden on the community, for which Impact Aid has historically attempted to alleviate. We are a poor community in terms of property wealth; yet, we have the second highest tax rate in Orange County. We fall within the bottom quarter in property wealth and total personal income behind each student when compared with other communities in New York State.

For a great number of years, we have educated the senior high school students of Government personnel who reside and work at the United States Military Academy at West Point. In 1969, our senior high school was built to accommodate students from West Point. Current indebtedness of the high school is almost $3 million. While the number of 3B students has diminished, due to subcontracting at the Military Academy, the number of 3A students has remained constant over the past decade. There is better than 50 percent impaction of 3A and B students in the school district, with 30 percent of impact of 3A students at the high school.

To illustrate our dilemma, I will refer to some of the 8 line graphs which serve as an addendum to my written testimony. The first graph indicates the growth in impact aid payments, both section 2 for the land and section 3 for the students, from 1971 until the peak year, 1979. However, funding from 1980 to 1983 shows a precipitous decline with a 50-percent loss in aid through cutbacks.

Graph No. 5, which addresses the question of the funding of educational support, shows that the local tax levy has risen 155 percent in 1982 when compared to 1971. Impact Aid rose a meager 1.1 percent when comparing the same years.

Graph No. 6 illustrates that from 1980 on, 3A student aid fell off sharply with the local community subsidizing approximately one-third of the tuition cost of each 3A student.

It is evident that the local taxpayer is carrying the financial burden for the education of all youth who go to our schools. Past, current and projected cutbacks in Impact Aid are devastating my school district. I have reduced the instructional staff by 5 percent in the present school year and will further reduce the teaching staff by an additional 20 percent in the 1982–83 school year.

On March 30, William Stormer, Director of the Division of Impact Aid at DOE, said: "We haven't heard any horror stories of school districts closing shop." My response to him was: "We will not close shop in 1983; however, an intermediate effect is that educational programing will be considered less than what is provided in other communities. Once we are beyond 1983, there is the possibility of closing the doors of our high school and seeking an educational program for local students in another district."

The pressure is squarely on the board of education in Highland Falls. Local taxpayers, on the one hand, are decrying their exorbitant property tax bills and from West Point personnel at the United States Military Academy at West Point, who are demanding an excellent education for their children.

If adequate assistance is not forthcoming, the quality of life for all will diminish. On behalf of my community, and this includes the families of West Point personnel whose children we educate, Mr. Chairman, I implore you and the members of your subcommittee to recommend an amount sufficient to fully fund the costs imposed on my school district by the presence of the children of Federal employees.

Anything less will bring about the curtailment of good educational services and the devastation of an excellent school district. I thank you, Mr. Chairman.

Senator ABDNOR. Thank you, Dr. Crowder. You two gentlemen do have to go and we thank you for your testimony. We appreciate your willingness to stay so long. Thank you.

Our next witness, I think, is on the same subject. I'm going to call on Ursula Wilson.

STATEMENT OF URSULA M. WILSON

Ms. WILSON. Senator Abdnor, I am truly honored to meet you. I am Ursula Wilson, alumni and board member of Ganado Public Schools in northern Arizona.

My constituents and I thank you deeply for allowing us to communicate our desperate need for Impact Aid funds, Public Laws 815 and 874. I will highlight my written testimony, but request that the entire text be placed in the record.

Senator ABDNOR. I assure you that your entire statement will be made a part of the record.

Ms. WILSON. Thank you. Impact Aid is Indian public education, without which our students will not share in the rich tradition of public education. So funding of Impact Aid is absolutely essential.

Our school district has virtually no tax base, since we are on Federal Indian reservation lands. Our major taxable property is owned by one taxpayer—Transwestern, a natural gas pipeline. A bond issue was passed for $1.4 million, but was held up in litigation for over a year and if another year passes before the litigation is settled, it will be void.

Senator Abdnor, we have exhausted all methods of financing. We are coming to you as a last resort with our budget request for school construction funds, the total cost of which is the absolute bare minimum needed to house our high school students.

The three phases of the project are outlined in our written testimony, as you will notice.

Senator Abdnor, I'll share with you the consequences as a result of our 65 to 85 percent enrollment increase since 1967, coupled with underfunding of Public Law 18. We have 587 high school students jammed into a junior high school facility which was originally designed for 200 students. Buildings are badly deteriorated, educationally obsolete, undersized, unsafe, and not designed for use by the handicapped.

Forty-seven percent of the high school facilities are temporary in nature and most are fire hazards, energy wasters, and inaccessible during inclement weather.

Mr. Chairman, we pray for your favorable consideration of our request. We understand the tremendous challenges facing this Congress in dealing with the Federal budget. We submit that the post-Industrial economic policies do not necessarily apply to an economically depressed area that has never experienced industrialization in the first place. Our community is made up of uneducated residents, with annual incomes averaging below $2,500 per capita and an unemployment average of 75 percent.

The post-industrial economic policies and ensuing fiscal year 1982 type of fiscal measures, although appropriate for the dominant United States, is one that means for Indian school districts like Ganado, "retrenchment of flesh and exposing bone."

We have outlined our specific recommendations which you will find in our written testimony. Our sincere appeal for your support is one which will allow us to accomplish local educational objectives, which include producing skilled Indian citizens able to work in the national work force and in the military.

We ask for your courageous efforts towards assisting us in our desperate need. Thank you very much and I will answer any questions.

Senator **Abdnor**. Thank you, Mrs. Wilson. We appreciate your very fine factual statement. I am well aware of the problems. I come from South Dakota and I certainly know about those problems. Impaction hits both military and our Indian population on reservations in South Dakota.

So we appreciate your statement very, very much and it certainly will be made a part of the record.

I will now call on Jill Kincaid, who is the executive assistant for the League of United Latin American Citizens.

STATEMENT OF JILL KINCAID

Ms. **Kincaid**. Good afternoon. We appreciate the opportunity to present testimony on the 1983 appropriations for bilingual education. This is an issue that is of primary importance to the Hispanic community and one which has been given high priority by LULAC since its inception. LULAC is this country's oldest and largest Hispanic organization with over 100,000 members in 45 States.

In the fifties, LULAC formed the "Little School of 400," which was aimed at teaching Hispanic children 400 basic English words in order to ease their transition into a monolingual English classroom. This program formed the basis for the Federal headstart program of the sixties.

According to 1980 Census data, the United States is now the fifth largest Spanish-speaking country in the world and is fourth, if one includes the inhabitants of Puerto Rico. Spanish is the fourth most spoken language in the world and it is estimated by the Carnegie Corporation in their 1979 Annual Report that by the 21st century, 2 out of 3 inhabitants of the Western Hemisphere will be of Latin American extraction and more persons will speak Spanish than any other language, including English.

The problems that this Nation faces in educating its minority language students is extremely serious due to the fact that the Hispanic population, which is but one of many language minority groups, increased 61 percent from 1970 to 1980, and is continuing to grow. The Hispanic community in the United States is also a very young population, having a median age of 23.2, as compared to 24.9 for blacks and 31.3 for whites.

Educational and employment conditions have made the Hispanic among the poorest Americans. Only 43 percent of the Hispanics 25 years and older are high school graduates, as compared to 51 percent for blacks and 69 percent for whites. According to 1980 statistics of the Department of Defense, only 58 percent of its positions requiring fluency in Spanish were able to be filled. The overall unemployment for Hispanics is approximately 60 percent higher than white unemployment.

All these factors combine to reveal the necessity of properly educating this young population which is a treasure of mounting potential for contributing to the Nation's welfare.

In spite of the fact that many studies and reports reveal that bilingual educational programs are effective in equipping students to succeed in the classroom and in the job market, the administration is proposing to reduce funding for these programs by 41 percent. The figure for 1983 of $94.5 million will deprive approximately 125,000 children of needed services.

The National Advisory Council on Bilingual Education recommended $144 million for 1983 and the Conference Report recommendation of the House and Senate was $143,810,000.

The proposed cuts for grants to local school districts are 19 percent, which would be severely damaging to the teacher training and support service funds which are essential for insuring that students receive the best possible instruction and materials to enhance their educational opportunity and prepare them for an all-English environment as soon as possible.

Bilingual vocational education programs, which have a retention rate of approximately 95 percent and an average placement rate of about 90 percent, have proven very successful in providing opportunities for language minority youth and adults to learn a skill and secure a responsible place in American society. These would be placed under already limited funds.

We are hard-pressed to see evidence of a firm commitment by the States to exercise their role of State-wide planning and development of vocational education/CETA programs and how they relate to bilingual vocational education, and fear that placing bilingual vocational training programs in competition for elementary and secondary education funds would be devastating to all programs.

I'll finish there.

Senator ABDNOR. I didn't mean to rush you.

Ms. KINCAID. That's fine.

Senator ABDNOR. If you want to make a quick concluding statement there--we'll put your entire statement in the record.

Ms. KINCAID. That's fine. Thank you.

Senator ABDNOR. We appreciate it. These facts and figures are very enlightening. Thank you.

Our last witness is Mr. James Lyons, who is the legislative representative of the American Coalition for Bilingual Education. Mr. Lyons, we have kept you waiting until the very last. I assure you that we are anxiously awaiting your statement.

STATEMENT OF JAMES J. LYONS

Mr. LYONS. Thank you very much, Senator, and on behalf of the coalition, I would like to express our appreciation for this opportunity to testify on the administration's budget request for title VII of the Elementary and Secondary Education Act.

As you well know, title VII, entitled the Bilingual Education Act, is the only Federal aid program which helps State and local education agencies meet the unique instructional needs of language minority group children who, because of their language background, are limited in their English language proficiency.

At the current time, there are more than 3½ million limited English proficient students in the United States. They live in every State of the Union and come from homes and communities where over 90 languages other than English are dominant.

Between now and the end of this century, the number of limited English proficient students is expected to increase dramatically. While the general school age population is expected to increase by 16 percent between now and the year 2000, the limited English proficiency population is expected to increase by 40 percent.

Despite projections of future growth in the size of the limited English proficient population, the Reagan administration has asked for a drastic cut, approximately 41 percent, from fiscal year 1981 levels in funding for title VII for fiscal year 1983. This request, as Ms. Kincaid pointed out, is $50 million less than the amount recommended by the National Advisory Council on Bilingual Education, the body established under title VII to advise you, the Congress, as well as the Secretary of Education.

If these cuts were enacted, thousands of language minority students would be deprived of the instructional services they need to succeed in school. Denied effective instruction, many of these students will leave school prematurely. Most of those who do finish high school will lack the educational skills they need for survival in our competitive economy.

Again, as Ms. Kincaid pointed out, the cuts in the direct grants to school programs would result in the elimination of services to approximately 125,000 students. This cut, of course, would not, and could not, be spread out evenly. Entire school districts would have to be dropped from title VII programs.

The cuts also jeopardize the progress that we are making in overcoming an acute national shortage of teachers who can provide high quality instruction to limited English proficient children. According to a report released by the Department of Education in February of this year, this country needs approximately 56,000 more teachers than we currently have on board to provide instruction to these students. The same report tells us that we are currently producing these teachers at a rate of 2,000 a year, meaning 23 years to catch up with current demands, not taking into account a future increase in population size.

Nevertheless, the administration wants to reduce this component by approximately 20 percent.

Ms. Kincaid has also mentioned to you the proposal to eliminate separate funding for bilingual vocational education. What is of gravest concern to us is the rationale that these programs can be funded under the Direct Grants to School Activity. When one looks and realizes that the administration is asking for a $19 million cut in that particular activity, one has the feeling that something more than a shell game is going on. The pea has literally been removed.

Title VII has been effective. Its promise and the actuality of educational opportunities that make it possible for children to succeed in schools has been demonstrated through the research funded under the act.

In closing, I would bring to your attention two specific matters of why, despite the emphasis on moving education back to State and local governments, why this program is important.

No. 1, the right to intelligible instruction. That which occurs in title VII programs is a right protected by not just one, but two, separate statutes, Federal statutes: the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1973.

The second point that I would try to bring to your attention is the fact that the programs funded under title VII, bilingual education programs, in fact serve another national need—the need to increase our own language competency so that we can overcome a grave problem, a problem that the Postsecondary Education Chairman on the House side, Paul Simon, drew to our attention last year in hearings on what he considers a major problem for the United States in intelligence and defense and foreign trade—our linguistic deficiencies.

Thank you very much.

Senator ABDNOR. Thank you very much, Mr. Lyons, for that fine statement.

PREPARED STATEMENTS

That concludes our testimony. We appreciate the fact, not that you had any choice in the matter, but we do appreciate the fact that you stayed with us until the very end. Your testimony is going to be very helpful. All we have to do is find some dollars. Your prepared statements will be inserted in the record at this point.

Mr. LYONS. Yes, sir.

[The statements follow:]

Statement of James J. Lyons

The American Coalition for Bilingual Education appreciates the opportunity to testify on the Administration's budget request for Title VII of the Elementary and Secondary Education Act. As you know, Title VII is the only Federal aid program which helps State and local education agencies meet the unique instructional needs of limited-English-proficient (LEP) language-minority students.

At the current time, there are more than 3.5 million limited-English-proficient students in the United States. These students live in every state of the Union. Approximately two-thirds of these students are Hispanic -- a majority of whom live in States that were the former territory of Mexico. A smaller but signficant percentage of LEP students are of Asian ancestry or are descendants of America's first inhabitants. A large and growing number of LEP students have come to this country recently, often to escape armed conflict or the denial of fundamental political rights in their native lands. In all, limited-English-proficient students come from homes and communities where over 90 languages other than English are dominant.

Between now and the end of the century, the number of language-minority students will increase dramatically. According to a report prepared for the Department of Education, the total school age population is expected to increase by 16 percent between now and the year 2000. During this same period, the language--minority student population and the number of LEP students is expected to increase by approximately 40 percent.

Administration's Budget Request

Despite the Education Department's own projections of substantial future increases in the size of the nation's LEP student population, the Reagan Administration has proposed drastic cuts in

Title VII funding. The Administration's total Title VII request for FY 1983 -- $94.5 million -- represents a 41 percent decrease from FY 1981 levels.

The Administration's FY 1983 budget request conflicts sharply with the recommendations of the National Advisory Council on Bilingual Education, the body established under Title VII to advise the Congress and the Secretary of Education. The Advisory Council's recommendation for FY 1983 Title VII funding was $144 million -- $50 million more than the amount requested by the Administration.

Effect of Title VII Cuts on Students & School Districts

If the Administration's Title VII budget cuts were approved by Congress, thousands of language-minority students would be deprived of the instuctional services they need to succeed in school. Denied effective instruction, many of these students will leave school prematurely. Most of those who finish high school will lack the educational skills they need for survival in our increasingly competitive economy.

In the current school year (FY 1981), approximately 294,000 students are enrolled in programs supported by Title VII. Under the Reagan Administration's proposals, this number would be cut by almost 125,000. This drastic cut in vital educational services, of course, would not be spread out evenly; entire school districts would have to be dropped from the program.

Shortage of Qualified Teachers

The Title VII cuts proposed by the Administration also jeopardize efforts to overcome the acute national shortage of qualified bilingual education teachers. In February of this year, the

Department of Education released a project report madated by Title VII entitled A Study of Teacher Training Programs in Bilingual Education. The study estimated that up to 56,000 additional teachers are needed to instruct LEP students in grades K-12. Although the nation needs as many as 56,000 additional bilingual teachers, the same study revealed that we are currently producing less than 2,000 teachers per year who are qualified to teach LEP students. Despite the critical shortage of qualified teachers to instruct a growing number of language-minority students, the Administration proposes to reduce Title VII funding for teacher training by over 20 percent.

Other Title VII Reductions

Other Title VII reductions are equally short-sighted. The Administration proposes to literally cut in half the Title VII "Support Services" program which has been instrumental in producing special instructional materials for LEP students from a variety of non-English language backgrounds.

Finally, the Administration proposes to eliminate funding for the Bilingual Vocational Training programs authorized under Part B of the Vocational Education Act. The "rationale" provided by the Administration is that "funds for Bilingual Vocational Education will be available under the authority of Title VII Grants to School Districts Activity." In other words, providers of Bilingual Vocational Training would have to compete with the educational agencies providing bilingual instruction to elementary and secondary students for support under the Grants to School Districts program which the Administration also wants to cut by $19 million. This is worse than the proverbial shell game; the Administration has literally removed the "pea".

Success & Importance of Bilingual Education

The Reagan Administration's Title VII budget proposals threaten the educational progress achieved through bilingual education. This progress, which has been and is currently being documented through the research activities funded under Title VII, is real and substantial. Evaluations conducted in Rock Point, New Mexico; San Diego, California; Harlandale, Texas; Waukesha, Wisconsin; and numerous other local school districts have shown that bilingual education is an effective method for inculcating the English language skills language-minority students need for academic success.

The educational merit of bilingual education has also been documented at the State level. Recent reports from Michigan, New Jersey, and Illinois demonstrate the effectiveness of bilingual education programs.

Academic achievement test scores are but one measure of the success of bilingual education. Other measures -- school holding power, community involvement in education, student interest in school, and student self-esteem -- also demonstrate that bilingual education is an effective method for meeting the unique educational needs of language-minority students.

Federal Responsibility for Bilingual Education

The Title VII cuts proposed by the President cannot be defended on the grounds that education is a State and local responsibility. A student's right to intelligible instruction is, in fact, a fundamental right that is protected by Federal law.

In 1974, the Supreme Court ruled in Lau v. Nichols that Title VI of the Civil Rights Act of 1964 requires school districts to provide some form of special instructional services to language-minority students who do not understand English.

The right of language-minority students to special instructional services is also protected by the Equal Educational Opportunities Act of 1974. Section 204 (f) of this Federal statute makes it illegal for an educational agency to fail to "take appropriate action to overcome language barriers that impede equal participation by its students in its instructional program."

This obligation of educational agencies has led to major court rulings in Idaho and Texas. The obligation will not go away even if the money does. Thus, a vote to decrease expenditures for bilingual education not only denies needed services to children but also increases the vulnerability of State and local education agencies to costly litigation.

Need to Preserve & Expand the Nation's Linguistic Resources

Although the primary purpose of Title VII is to ensure that language-minority students receive equal educational opportunities, the more general benefits of bilingual education to the nation should not be overlooked.

Last year, the House Subcommittee on Postsecondary Education held hearings on what Chairman Paul Simon termed "a little known but very real threat to our national security and our economic health -- our national deficiency in foreign languages." During the hearings, military leaders, intelligence officials, and corporation directors testified that America's shortage of bilingual personnel jeopardized the successful conduct of foreign affairs and international trade.

The demand for bilingual personnel in government and private industry will continue to increase. Unless we act now to develop and preserve our national linguistic resources, American defense, diplomacy and trade will suffer.

Conclusion

I cannot convey to you the bitterness and resentment which the Reagan Administration's budget proposals for Title VII have generated in language-minority communities across the country. Bilingual education is politically symbolic to language-minority citizens. It symbolizes Federal commitment to equality of opportunity; it symbolizes Federal concern for the educational well-being of national origin minority group children.

On behalf of language-minority parents, I ask that you reject the Reagan Administration's proposed cuts in funding for Title VII of the Elementary and Secondary Education Act.

STATEMENT OF THOMAS MANGANO

The present impact aid program has been developed to assist the East Meadow School District in financing educational programs provided t derally connected students. These students either reside on federal property or have parents who ar employed on federal property.

In addition to the "B" student population which resides in the East Meadow School District, is the military installation known as Mitchel Manor, and which has the capacity to house five hundred and eleven (511) military families from all branches of the armed service.

The combined population of federally connected students ("A" and "B") represents approximately 6 percent of the total school district enrollment. It is to be further noted that the population of "A" students residing at Mitchel Manor has remained relatively constant, and will begin to increase as renovations at the base are completed. At this time federally connected "A" students represent approximately 4.5 percent of a total residing enrollment which has declined from approximately eighteen thousand (18,000) students to the present 7,500 students.

Because of its military status, the population at Mitchel Manor is a very fluid one where the turnover rate is readily apparent. As residents leave for new assignments, they are quickly replaced.

Impact aid plays a major role in enabling the East Meadow School District to develop and maintain a viable educational program for all of its children. Removal of this funding would place an additional burden of providing an instructional program on the local taxpayer. Similarly, the maintenance and deployment of essential services may also be threatened in light of the additional hardship such drastic reducations might entail.

In order to avoid serious fiscal and educational constraints upon our community, it is, therefore, most important that the Commission seriously reconsider the elimination of any proposal calling for the removal or reduction of impact aid payments. Impact Aid represents the federal government's share of local school taxes. School districts cannot impose real estate taxes on federal properties or agencies. Where federal facilities or activities place a burden on local school districts to educate "federally connected" children, Impact Aid contributes to the local school system to defray the cost of that educational burden. In effect Impact Aid compensates for the tax revenues that are lost because of non-taxable federal property in a school district. But at least the Impact Aid program demonstrates the recognition by the federal government of its responsibility to help pay for the education of federally connected children.

What the federal government is now proposing--as it has with depressing regularity year after year--is to save money by not paying its school taxes anymore, by eliminating millions and millions of dollars in Impact Aid. Elaborate arguments, technicalities and sophistry are being concocted to rationalize and justify simple tax evasion. Because it can rewrite its own rules, the federal government can legally escape from its financial responsibility to public education in communities where it does business and provides housing to low-income families whose children must be educated at the public expense. Nonetheless, this attempt is grossly unfair.

Our concern is focused at protecting the most human system in our land: public education. If the federal government in effect quits paying its school taxes, and turns its back heartlessly on our children we will all suffer. Lets spend a moment reflecting upon the morality of this issue. In essence the federal government is serving notice to our children that might is right and that the merits of the case are secondary to the strength of an already too overzealous budget cutting Goliath. For the sake of a fiscal game plan, the federal government is prepared to openly ignore its responsibility to our children and to the schools across the country who are struggling to prepare them for a productive and meaningful adult life. By abandoning that responsibility we must seriously question the dire consequences which may ultimately develop. Hopefully the members of this distinguished panel will have the foresight and vision to see what the federal government has failed to realize and by doing so protect the importance of our country's most prized possession: its youth indeed its future.

EXHIBIT A

District Profile

.The range of grades taught is K-12.

.Less than 25% of non-federally-connected employed parents work within the boundaries of our school system.

.The number of full time students for 1981-82 is 7,997;

.The average teacher salary in our school system is $25,000.

.95% of our property tax base is residential property.

.The school property tax rate applicable for the tax year most closely corresponding to the 1981-1982 school year is

Current operating expenses	27.53 per/100
Other	1.709 per/100

.The total current operating expenditures for 1981-82 is $36,757,072

East Meadow's School Property taxes	$20,444,050
East Meadow's Impact Aid Payments	$ 468,552.08

.The approximate potential revenue of federally-owned land in our district is $600,000.

.The approximate revenue that would be generated if Federal property were taxed at the:

commercial rate	$700,000
residential rate	$600,000

.The method elected for determining rate of PL 874 entitlement is based on individually selected comparable districts.

.The dollar amount of the local contribution rate used to calculate PL 874 entitlement is $1893.00.

.The average daily attendance for the 1981-82 school year is as follows:

.Approximate 1981-82 cost expenses per pupil	$4,597.00
.Percent per pupil cost	50%
.District's per pupil tax levy	2,543.00

.That amount is above the state average per pupil tax assessment.

.The type of community the East Meadow school system represents: Small Suburban - $4,000.00.

.The property tax base in 1981	$102,312,410
.Rate (mills) for current operating expenses	19.923
.Rate (mills for other	1.243
.Total current operating expenditures	36,757,072
.Total tax levy	20,444,050

.Description of school district:

Two High Schools

Three Junior High Schools

Five Elementary Schools

.Total Impact Aid: FY-82 $389,448.00 FY-81 $468,5552.08

.Total federally-connected students: 474 (341 A's, 133 B's)

.Percentage of federally-connected students: 6.15 (this percentage shall continue to increase as the residential population decreases.)

EXHIBIT B

HIGHLIGHTS OF DRAFT RECOMMENDATIONS

by the

COMMISSION OF THE REVIEW

OF THE

FEDERAL IMPACT AID PROGRAM

.THAT PUBLIC LAW 874, EIGHTY-FIRST CONGRESS BE MODIFIED TO STATE THAT THE FEDERAL GOVERNMENT HAS AN OBLIGATION WITH RESPECT TO THE EDUCATION OF FEDERALLY-CONNECTED CHILDREN.

.THAT THE OBLIGATION OF THE FEDERAL GOVERNMENT WITH RESPECT TO THE EDUCATION OF FEDERALLY-CONNECTED CHILDREN BE TAKEN INTO CONSIDERATION IN DETERMINING THE AMOUNTS TO WHICH LOCAL EDUCATIONAL AGENCIES ARE ENTITLED UNDER PUBLIC LAW 874 BY USING AN ADEQUATE LEVEL OF EDUCATION AS A STANDARD.

.THAT THE TERM "FEDERAL PROPERTY" BE DEFINED AS ANY REAL PROPERTY IN ANY STATE WHICH IS NOT SUBJECT TO TAXATION BY THAT STATE OR ANY POLITICAL SUBDIVISION THEREOF BY REASON OF FEDERAL LAW.

.THAT THE FEDERAL GOVERNMENT EXPRESSLY RECOGNIZE ITS OBLIGATION TO PROVIDE AN ADEQUATE LEVEL OF EDUCATION FOR CHILDREN RESIDING ON FEDERAL PROPERTY OR RESIDING WITH A PARENT WORKING ON FEDERAL PROPERTY BY AMENDING THE LAW DECLARING SUCH AN OBLIGATION.

.THAT ANY LOCAL EDUCATIONAL AGENCY PROVIDING FREE PUBLIC EDUCATION FOR AT LEAST TEN FEDERALLY-CONNECTED CHILDREN BE ELIGIBLE FOR PAYMENTS UNDER THE IMPACT AID PROGRAM.

.THE AMOUNT NECESSARY TO PROVIDE AN ADEQUATE LEVEL OF EDUCATION PER CHILD IN THE SCHOOLS OF A LOCAL EDUCATIONAL AGENCY WOULD BE THE GREATER OF THE STATE AVERAGE PER-PUPIL EXPENDITURE OR THE NATIONAL AVERAGE PER-PUPIL EXPENDITURE.

.THAT, IN CASES WHERE THE CHILDREN RESIDING ON, OR WHERE THE CHILDREN OR PARENTS EMPLOYED ON, FEDERAL PROPERTY HAVE EDUCATIONAL NEEDS WHICH ARE SO SUBSTANTIALLY DIFFERENT FROM THE GENERAL EDUCATIONAL NEEDS OF CHILDREN IN THE STATE OR IN THE NATION AS TO REQUIRE AN EXPENDITURE OF GREATER THAN THE AVERAGE PER-PUPIL EXPENDITURE IN ORDER TO MEET THOSE NEEDS, PROVISION BE MADE FOR ADJUSTING THE AMOUNT NECESSARY THEREFOR ACCORDINGLY.

.THAT IN A CASE WHERE THE EXTENT OF FEDERAL PROPERTY IS SO GREAT AS TO IMPAIR THE ABILITY OF A LOCAL EDUCATIONAL AGENCY TO PROVIDE AN ADEQUATE LEVEL OF EDUCATION FOR THE CHILDREN IN ATTENDANCE AT ITS SCHOOLS UNDER THE LAWS OF THE STATE, THE AMOUNT OF THE ENTITLEMENT OF THAT AGENCY BE DETERMINED IN ACCORDANCE WITH CRITERIA DESIGNED TO INSURE THAT SUFFICIENT FUNDS ARE AVAILABLE TO ENABLE SUCH AGENCY TO PROVIDE SUCH A LEVEL OF EDUCATION FOR THOSE CHILDREN.

.THAT IN A CASE WHERE THE NUMBER OF FEDERALLY-CONNECTED CHILDREN IN ATTENDANCE AT THE SCHOOL OF A LOCAL EDUCATIONAL AGENCY CONSTITUTES SUCH A HIGH PERCENTAGE OF THE TOTAL NUMBER OF CHILDREN IN ATTENDANCE AT ITS SCHOOLS THAT THE AMOUNT TO WHICH THAT AGENCY WOULD BE ENTITLED UNDER RECOMMENDATION (1) WOULD BE INSUFFICIENT TO PROVIDE AN ADEQUATE LEVEL OF EDUCATION FOR THOSE CHILDREN, THE AMOUNT OF THE ENTITLEMENT FOR THAT AGENCY BE DETERMINED IN ACCORDANCE WITH CRITERIA DESIGNED TO INSURE THAT SUFFICIENT FUNDS ARE AVAILABLE TO ENABLE SUCH AGENCY TO PROVIDE SUCH A LEVEL OF EDUCATION FOR THOSE CHILDREN.

.THAT ALL ENTITLEMENTS UNDER THE IMPACT AID PROGRAM BE FUNDED FULLY.

.THAT SHOULD CIRCUMSTANCES PROHIBIT FULL FUNDING OF ALL ENTITLEMENTS FOR ANY FISCAL YEAR, THEN THOSE LOCAL EDUCATIONAL AGENCIES WITH HEAVILY IMPACTED SCHOOL DISTRICTS BE GUARANTEED PAYMENT OF FULL ENTITLEMENTS FOR THAT YEAR, AND THE REMAINDER OF THE LOCAL EDUCATIONAL AGENCIES BE PAID A PORTION OF THEIR ENTITLEMENTS ON A PRO RATA BASIS.

Statement of Bruce H. Crowder

Background

The problem of providing and paying for the education of children of personnel stationed at West Point is not a recent one but rather one that is as old as the education system itself. There have been two critical points in this history and three different solutions to the problem in this century.

During World War I the number of elementary school students from West Point attending Highland Falls schools increased to such an extent that a financial problem was created in the community because of the inability of the Board of Education to impose taxes on the federal property to pay for the education of these children. At that time, the Superintendent and the Board of Education were able to convince the federal authorities that the best solution to the problem would be to have the federal government build and operate its own school on the Post. Thus what is now the Section 6 school at West Point came into being and the problem of that time was solved.

During World War II the increase in personnel stationed at West Point produced another financial problem for the school system, this time because of a substantial increase in the number of high school students. Again the inability to tax the federal property placed an unfair burden on the community, but in this instance the number of high school students was not large enough to justify the operation of a high school on Post. Finally, in the 1948 and 1949 years, the Board of Education was successful in obtaining tuition payments from the Department of Defense for these West Point Students.

The third solution came about with the enactment of the Impact Aid Act (P.L. 874) in 1950, which has up to this time been a more or less long term solution, the more because it has been in place for 30 years and the less because it has required an annual, losing struggle to rejustify the solution to an unchanging, permanent problem.

The Problem

The map and overlays on the following pages illustrates the degree and the permanance of the reduction of the tax base. The white portion represents the 1700 acres of taxable land left on the tax roll out of the 24,000 which once was the total land area of the district. This loss of 93% of its taxable property has caused Highland Falls to become the poorest of the 50 odd school districts in the Mid-Hudson area. Also, the recent leasing with a purchase option of the twenty eight acres of Ladycliff College property by the U.S. Military Academy at West Point means that the last potential of significant tax base growth in the community will be lost. The standard measure of a school district's financial ability to support its educational program is the amount of true property value behind each student. In Highland Falls this amounts to $42,149 whereas the average for New York State is $78,600. In terms of local effort, the district is classified by state standards as a high tax district because the lcoal tax rate has exceeded $20.00 per $1,000 of true value.

Furthermore, the general income level of the adult population is also below the state average. A figure of total income per student has been developed for all school districts in New York State. This figure is obtained by dividing the total personal income for the school district, as reported on income tax returns, by the number of students in the district. For the average district this yields a figure of $29,600 per student, while for Highland Falls the figure is $22,000 per student.

Student Population

There are currently 1204 students attending school in Highland Falls, of whom 110 are tuition-paying students from Garrison, 210 are Section 3A students from West Point and 353 are Section 3B students. The district is classified as heavily impacted in that 55% of its total student population are federally connected students but only 19% are 3A students.

In 1969 the James I. O'Neill High School was built, particularily to accommodate students from West Point. The school district falls almost three million dollars of bonded indebtedness for the high school.

From the foregoing it is evident that the school problems created by the federal presence are not going to disappear. What is slated to disappear, according to the President's budget proposal, is the money paid in lieu of taxes to compensate the district for the education of West Point students and for the loss of its tax base.

There appears to be serious misunderstanding of the justification for the payments for 3B students. The owner of a business in Highland

Falls who is paying school taxes on his business while operating in competition with a similar business at West Point which does not pay school taxes understands the reason for the 3B student funding clearly.

The line graphs on the following pages clearly indicate that projections for the funding of impact aid to the Highland Falls-Fort Montgomery Central Schools are diminishing at a significant rate. Staff reductions have been made in the current school, and in 1982-83 the instructional staff will be cut by 20%. While we will not go out of business, the quality of education in Highland Falls will drop. A reduction in the quality of education is also a diminution of the quality of life for everyone in this community, military and civilian.

Conclusion

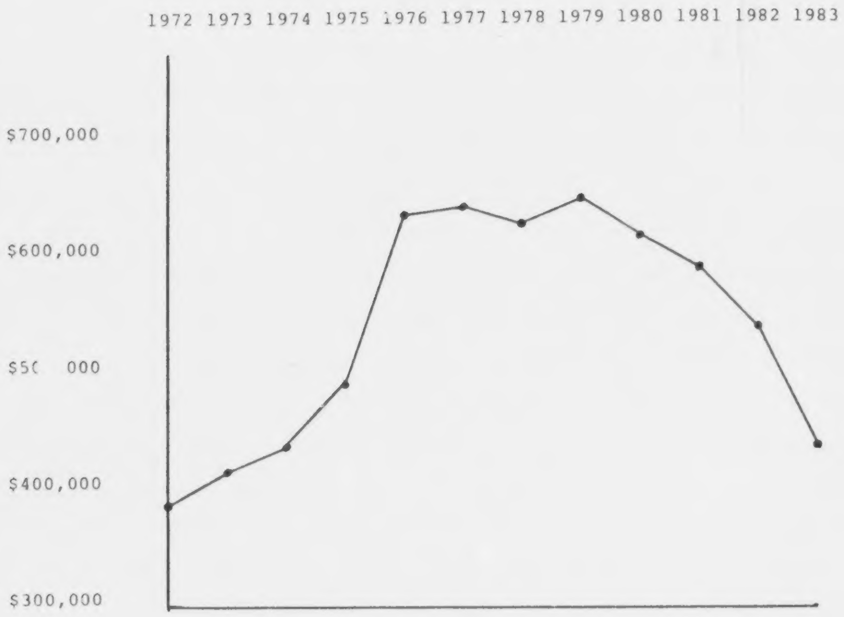
Because the funding of impact aid has fallen precipitously, our school district has sought supplemental aid, is considering tuition payments from West Point families sending youngsters to our high school, and and is pushing hard for special legislation to cover our losses. There is no way that this community will be able to carry the additional tax burden that the loss of this revenue is bringing to the community.

Finally the effects of cutbacks in Impact Aid are creating other problems. The Garrison School District, which sends 110 tuition-paying students to O'Neill High School, is seeking another high school because Garrison does not want to subsidize the students from West Point or send its students to a school district which is not capable of maintaining a quality educational program. Relationship between the community and West Point has deteriorated due to the controversy surrounding the Impact Aid issue. The level of uncertainty under which school managers and Board of Education work to develop a budget is horrendous. The cry from taxpayers is "give us payment for services rendered!"

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

Line Graph # 1

IMPACT AID PAYMENTS RECEIVED FOR SECTIONS 2 & 3, 1971 - 80

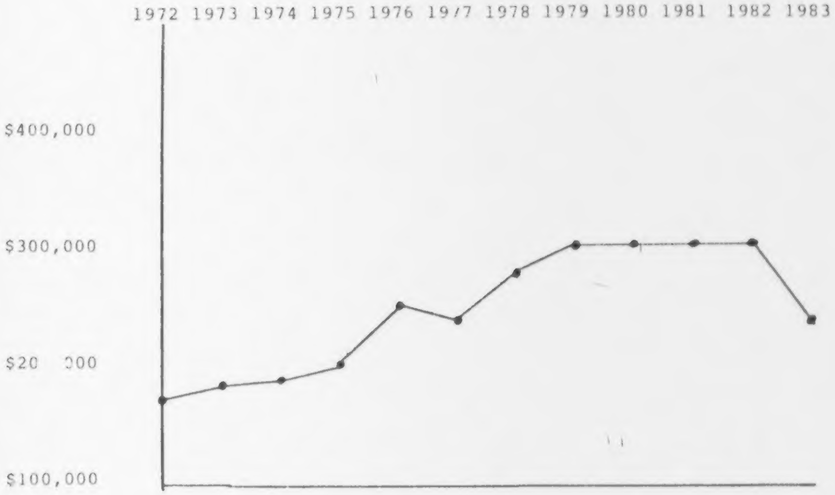


1972 - $383,655
1973 - 417,566
1974 - 441,729
1975 - 489,896
1976 - 634,268
1977 - 647,547
1978 - 632,879
1979 - 650,349
1980 - 621,257
1981 - 593,538
1982 - 547,508
1983 - 446,200 (Est.)

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 2

PAYMENTS RECEIVED FOR SECTION 2 (LAND), 1971 - 80



1972 - $176,226
1973 - 181,839
1974 - 187,840
1975 - 204,232

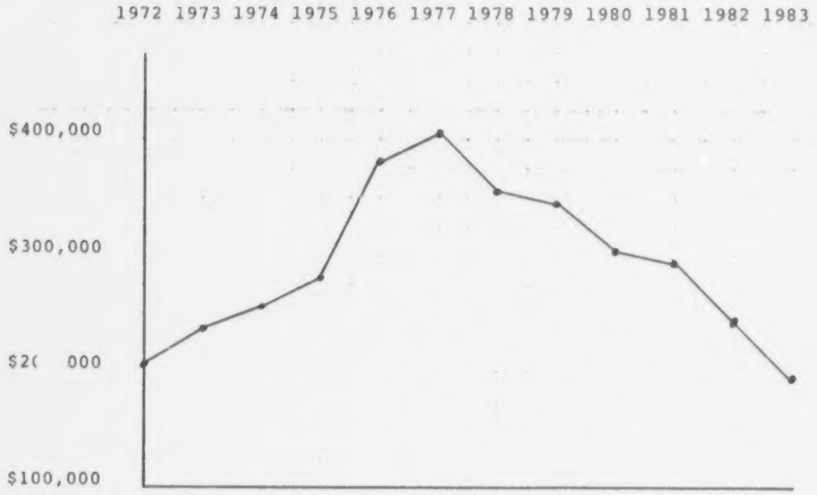
1976 - $255,602
1977 - 244,642
1978 - 280,653
1979 - 304,041

1980 - $304,041
1981 - 302,705
1982 - 302,705
1983 - 242,164 (Est.)

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 3

PAYMENT RECEIVED FOR SECTION 3 (STUDENTS), 1971 - 80



1972 - $207,430
1973 - 235,727
1974 - 253,889
1975 - 285,664

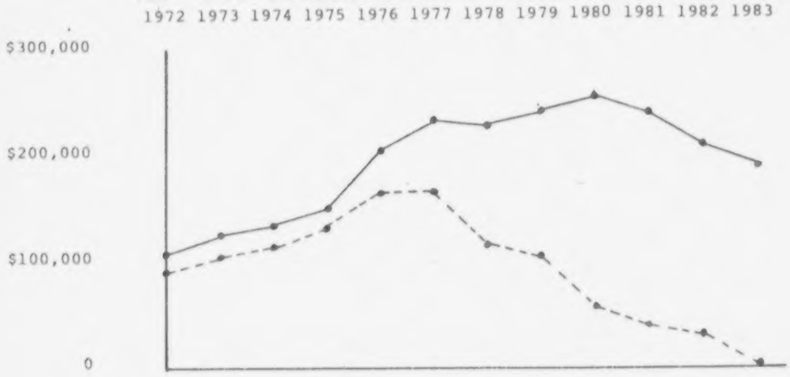
1976 - $378,666
1977 - 402,905
1978 - 352,226
1979 - 346,308

1980 - $301,899
1981 - 290,833
1982 - 244,803
1983 - 195,200 (Est.)

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 4

PAYMENTS RECEIVED FOR SECTION 3: A ——— & B ------ STUDENTS, 1971-83

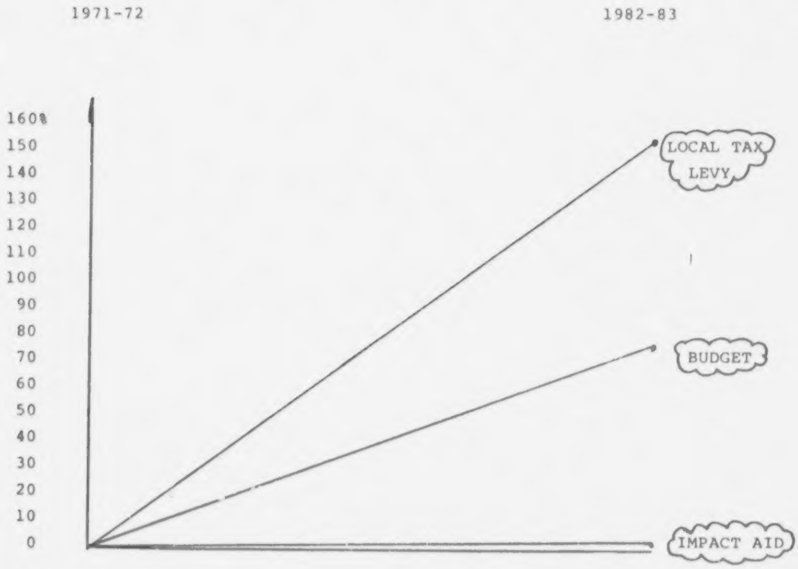


	"A"	"B"
1972 -	$110,452	$ 96,978
1973 -	126,498	109,229
1974 -	136,847	117,042
1975 -	152,638	133,625
1976 -	211,193	167,473
1977 -	234,099	168,806
1978 -	$229,814	$122,412
1979 -	242,202	104,106
1980 -	257,520	59,697
1981 -	245,859	44,973
1982 -	212,422	32,380
1983 -	195,200	-0-(Est

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 5

PERCENTAGE INCREASE OF EDUCATIONAL SUPPORT: 1971-72 - 1982-83

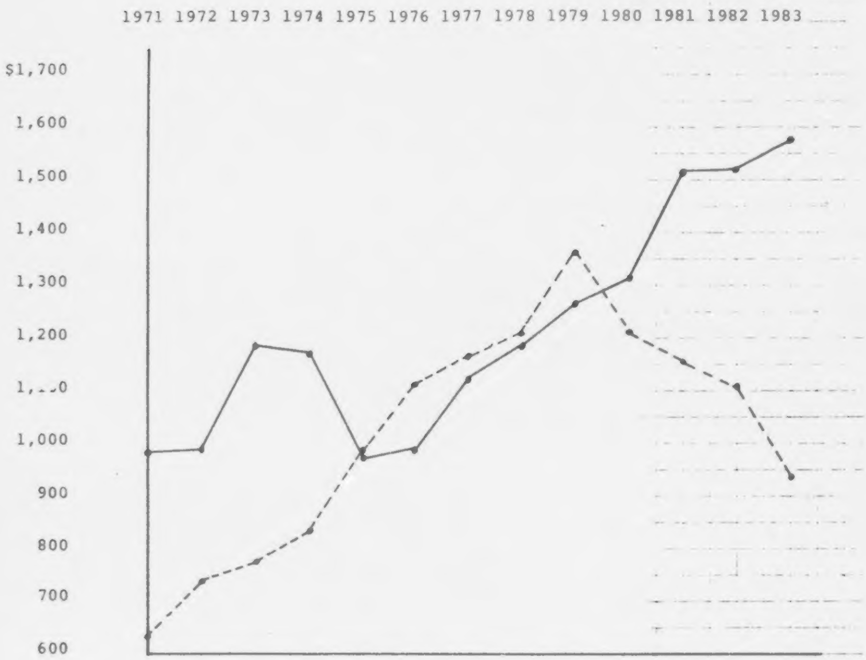


		1982-83 Budget	Percent of Increase
$ 583,291.10	Local Tax Levy	$1,490,010.00	155%
2,816,868.75	Budget	4,989,000.00	77%
441,250.00	Impact Aid	446,200.00	1.1%

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 6

P. L. 874 AID FOR "A" STUDENTS & DISTRICT TUITION CHARGES, 1971-83

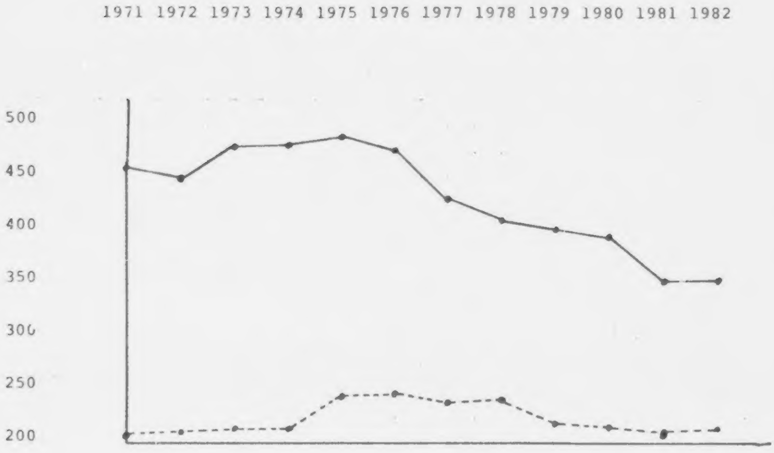


	"A" AID ----	TUITION ———
1971	$ 632.60	$ 982.26
1972	743.67	984.81
1973	771.84	1,187.00
1974	844.66	1,165.90
1975	981.99	969.34
1976	1,108.19	988.62
1977	$1,163.89	$1,134.50
1978	1,206.96	1,193.04
1979	1,354.67	1,268.95
1980	1,214.00	1,319.88
1981	1,205.00	1,530.00
1982	1,011.00	1,530.00
1983	929.00	1,580.00 (Est.)

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 7

NUMBER OF SECTION 3 STUDENTS, 1971-82

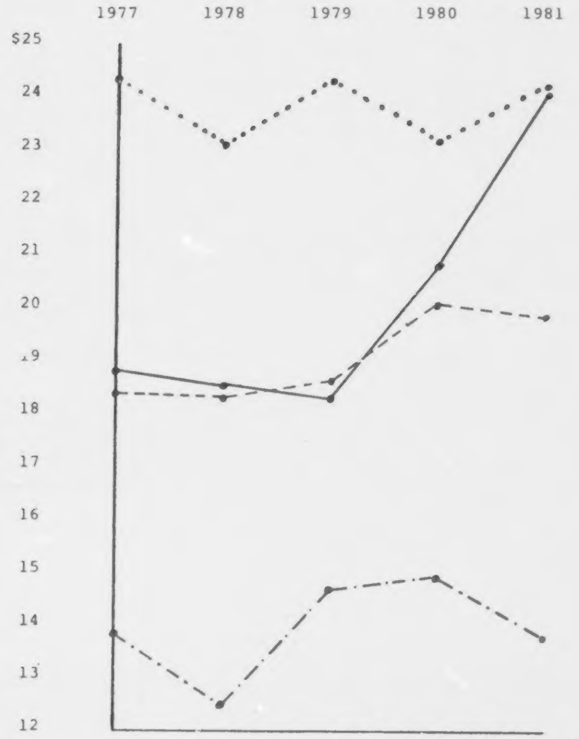


	STUDENTS			STUDENTS	
	"A" -----	"B" ———			
1971	201	458	1977	236	433
1972	208	450	1978	236	414
1973	211	480	1979	222	402
1974	212	480	1980	212	397
1975	244	491	1981	204	353
1976	249	476	1982	210	353

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOLS
Highland Falls, New York 10928

LINE GRAPH # 8

FIVE YEAR COMPARISON OF TRUE TAX RATES, 1977-78 THRU 1981-82
ORANGE COUNTY



NUMBER OF SCHOOL DISTRICTS - 15

$18.73	18.49	18.36	20.85	24.19	HIGHLAND FALLS-FT. MONT.	——
24.39	23.06	24.43	23.15	24.31	HIGH TAX RATE	....
18.49	18.36	18.64	20.14	19.81	MEDIAN TAX RATE	----------
13.82	12.48	14.64	14.97	13.75	LOW TAX RATE	-·-·-·-·-

STATEMENT OF URSULA M. WILSON

I am Ursula M. Wilson, Alumna and Board Member of Ganado Public School in the State of Arizona.

My constituents and I express deep appreciation to you for allowing us to communicate with you our desperate need for Impact Aid funds--Public Laws 81-815 and 81-874. Our district was created in 1953 for the purpose of providing Navajo Indians with the opportunity to stop attending Bureau of Indian Affairs boarding schools and to attend a school typical of other public schools attended by most children of the United States. Our district was created on the Navajo Indian Reservation with the encouragement and support of the United States government.

P.L. 81-815 was expected to provide virtually all required construction funds. The P.L. 81-874 provided at least 40% of our maintenance and operation budget to enable us to provide an opportunity to provide a quality basic education to our students. In short, Impact Aid is Indian public education, without which our students will not share in the rich tradition of public education. Continued and adequate funding of Impact Aid is absolutely essential.

NO TAX BASE

May I remind you that since our school district encompasses Federal Indian Reservation lands, we have virtually no tax base. Our major taxable property, a natural gas pipe line, is owned by one taxpayer, Transwestern. A bond issue was passed for $1.4 million, but it has been held up in litigation for over a year and if another year passes before the litigation is settled, it will be void. Ganado Public Schools cannot rely on the traditional method of property taxation to provide even the minimum of education for all its children. A direct consequence is the pressing need for school facilities. Our State Superintendent, The Honorable Carolyn Warner, pointed out to a Senate Impact Aid Panel in March:

> "Adequate School facilities on Indian reservations are not abstract concerns - they are very, very real - as are the students who occupy them. As is the lack of a tax base. The reality, once again, is that impacted local school districts [and State governments] simply lack the availability of resources to compensate for the Administration's proposed cuts in Impact Aid funds."
>
> "Education...doesn't take place in a vaccuum, and it doesn't just take place in placid suburban school districts. Education takes place all over this land, including our Indian reservations, where it depends just as much upon good teachers and adequate facilities and learning materials as in any other school district. There is one important difference, however. On Indian reservation school districts, and other school districts where there is a heavy concentration of federal activity, there is a limited private sector tax base to help pay for the things needed for schools to operate. That is why Congress, in its wisdom, enacted Impact Aid legislation: so that the tax burden in those districts would not unfairly punish the private sector tax base, and would not deprive those school districts of needed resources."

OUR REQUEST

Mr. Chairman, we have exhausted all methods of financing. Appeals have been made to the Navajo Tribe, the Economic Development Administration, the Arizona Department of Education, and the Department of the Interior. We have repeatedly applied for P.L. 81-815 funding since 1974, but without any success whatsoever. We are coming to you, the Congress of the United States as a last resort with our budget request for school construction funds.

In realization of current efforts to reduce Federal expenditures, we are holding the grand total cost of this project to the absolute bare minimum needed to adequately house the Ganado Senior High School student population. In addition, the project has been organized in three phases to prolong the expenditure period:

Project Budget -- By Construction Phases

Phase I Federal Funds	FY1983	$ 7,450,000	Planning, constructing and equipping of a facility adequate to house the upper three grades (10,11, and 12) of the senior high school, including vocational education facilities and the district's transportation garage.
Phase II Federal Funds	FY1984	$ 2,500,000	Planning, constructing and equipping facilities for the 9th grade as an integral part of the senior high school.
Phase III Federal Funds	FY1985	$ 4,938,360	Planning, constructing and equipping the auditorium, natatorium and 40 housing units. This will complete the senior high school complex.
Total Project		$ 14,888,360	

If I may, Mr. Chairman, let me cite specific consequences as a result of our 65-85% enrollment increase since 1967 coupled with underfunding of P.L. 81-815.

URGENCY

We have 587 high school students jammed into a junior high school facility which was originally designed for 200 students. Many serious deficiencies prevail. Foremost are those related to curricular offerings; the facilities which are most lacking are those related to the fine arts, modern science and computers. Vocational courses are taught in a metal shed which was purchased from the Navajo Tribe; it provides a very unsafe place for students and faculty to study and work. The school is located on a badly overcrowded site, along with over 100 other school houses and support buildings. Four public schools are crowded on to the one campus. Funding for different segments of the campus come from different sources at different times, with each agency and administration requiring different construction standards and building placements. The campus is a mess. Buildings are badly deteriorated, educationally obsolete, undersized, unsafe, and not designed for use by the handicapped.

Forty Seven percent (47%) of the high school facilities are temporary in nature and most are: fire hazards, energy wasters, inaccessible during inclement weather. Classes are often cancelled, held in storage rooms, or nonexistent due to altogether missing facilities. Attempts at facility conversions are unsafe and unsuitable for instruction. Our North Central Accreditation Association facility review in 1978 warns that:

> "...the enrollment has exceeded the expansion possibility of the junior high school plant forcing the use of 50 substandard prefabs and trailers of poor quality and not arranged for easy and safe access."

At present, the educational program of the senior high school is degrading. Numerous programmatic inadequacies exist. Major deficit programs include fine arts, vocational, science and technology, particularly electronics and computerization. Food service facilities are particularly inadequate. The present setting creates a very undesirable social setting for the children of four school levels. Senior high school students, being on the same site with all of the other children, often provide examples of unacceptable living practices.

FAVORABLE COMMITTEE CONSIDERATION

Mr. Chairman, we pray for your favorable consideration of our request. We understand the tremendous challenges facing this Congress in dealing with the Federal budget. Yet, we submit that the post-industrial economic policies do not necessarily apply to an economically depressed area that has never experienced industrialization in the first place. Our community is made up of uneducated residents with annual incomes averaging below $2,500 per capita and an unemployment average of 75%.

The post-industrial economic policies and ensuing FY 1982 type of fiscal measures, although appropriate for the dominant United States, is one that means for Indian school districts like Ganado, "retrenchment of flesh and exposing bone." Our sincere appeal for your support is one which will allow us to accomplish local educational objectives which include producing skilled Indian citizens able to work in the national work force and in the military. Your assistance and aid is needed. Thank you.

OUR FEDERALISM RECOMMENDATIONS

I respectfully recommend the following for Federal Impact Aid programs affecting public school districts:

- To reserve funds under P.L. 81-815 in the amount of $7,450,000 in the FY 1983 full appropriations legislation for Ganado Public School District #20.
- To fund the P.L. 81-815 program in FY 1984 at the FY 1982 appropriation level of $20 million, including $2,500,000 for Ganado Public School District #20.
- To fund the P.L. 81-815 program in FY 1985 at the 1981 President's Request level of $64 million, including $4,938,360 for Ganado Public School District #20.
- To fund the P.L. 81-874 program at the FY 1983 House Budget Request level of $286.9 million.
- To provide supplemental appropriations under section 204, Title II of P.L. 93-638 for incomplete Section 14, P.L. 81-815, projects in the amount of $20 million each year over the next three years beginning in FY 1983, FY 1984, and FY 1985.
- To limit P.L. 81-874 spending level in FY 1984 and FY 1985 at the 1982 levels, as recommended by the Domenici Plan.
- To implement the recommendations of the Presidential Commission on Impact Aid, as a vital part of any economic recovery plan.

° To keep all sections of Impact Aid in tact within a strong Department of Education as evidence to a Federal commitment to excellence in education and development of "human capital...as a competitive instrument." (Paul B. Salmon, Executive Director of the American Association of School Administrators).

STATEMENT OF JILL KINCAID

GOOD AFTERNOON, MEMBERS OF THE LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES APPROPRIATIONS SUBCOMMITTEE. I AM JILL KINCAID, EXECUTIVE ASSISTANT TO THE NATIONAL EXECUTIVE DIRECTOR OF THE LEAGUE OF UNITED LATIN AMERICAN CITIZENS (LULAC). LULAC IS THIS COUNTRY'S OLDEST AND LARGEST HISPANIC ORGANIZATION WITH OVER 100,000 MEMBERS IN 45 STATES.

WE APPRECIATE THE OPPORTUNITY TO COME BEFORE YOU AND PRESENT TESTIMONY ON THE 1983 APPROPRIATIONS FOR BILINGUAL EDUCATION, AN ISSUE WHICH IS OF PRIMARY IMPORTANCE TO THE HISPANIC COMMUNITY AND ONE WHICH HAS BEEN GIVEN HIGH PRIORITY BY LULAC SINCE ITS INCEPTION. IN THE 1950'S, LULAC FORMED THE "LITTLE SCHOOL OF 400" WHICH WAS AIMED AT TEACHING HISPANIC CHILDREN 400 BASIC ENGLISH WORDS IN ORDER TO EASE THEIR TRANSITION INTO A MONOLINGUAL ENGLISH CLASSROOM. THIS PROGRAM FORMED THE BASIS FOR THE FEDERAL HEAD START PROGRAM OF THE 1960'S.

ACCORDING TO 1980 CENSUS DATA, THE UNITED STATES IS NOW THE 5TH LARGEST SPANISH SPEAKING COUNTRY IN THE WORLD, AND IS FOURTH IF ONE INCLUDES THE INHABITANTS OF PUERTO RICO. SPANISH IS THE FOURTH MOST SPOKEN LANGUAGE IN THE WORLD, AND IT IS ESTIMATED BY THE CARNEGIE CORPORATION IN THEIR 1979 ANNUAL REPORT THAT BY THE 21ST CENTURY TWO OUT OF THREE INHABITANTS OF THE WESTERN HEMISPHERE WILL BE OF LATIN AMERICAN EXTRACTION AND MORE PERSONS WILL SPEAK SPANISH THAN ANY OTHER LANGUAGE, INCLUDING ENGLISH.

THE PROBLEMS THIS NATION FACES IN EDUCATING ITS MINORITY-LANGUAGE STUDENTS ARE EXTREMELY SERIOUS DUE TO THE FACT THAT THE HISPANIC POPULATION, WHICH IS BUT ONE OF MANY LANGUAGE-MINORITY GROUPS, INCREASED 61% FROM 1970 TO 1980 AND IS CONTINUING TO GROW. THE HISPANIC COMMUNITY IN THE U.S. IS ALSO A VERY YOUNG POPULATION, HAVING A MEDIAN AGE OF 23.2 AS COMPARED TO 24.9 FOR BLACKS AND 31.3 FOR WHITES.

EDUCATIONAL AND EMPLOYMENT CONDITIONS HAVE MADE THE HISPANIC AMONG THE POOREST AMERICANS. ONLY 43% OF THE HISPANICS 25 YEARS AND OLDER ARE HIGH SCHOOL GRADUATES, AS COMPARED TO 51% FOR BLACKS AND 69% FOR WHITES. ACCORDING TO 1980 STATISTICS OF THE DEPARTMENT OF DEFENSE, ONLY 58% OF ITS POSITIONS REQUIRING FLUENCY IN SPANISH WERE ABLE TO BE FILLED. UNEMPLOYMENT FOR HISPANICS IS APPROXIMATELY 60% HIGHER THAN WHITE UNEMPLOYMENT.

ALL THESE FACTORS COMBINE TO REVEAL THE NECESSITY OF PROPERLY EDUCATING THIS YOUNG POPULATION WHICH IS A TREASURE OF MOUNTING POTENTIAL FOR CONTRIBUTING TO THE NATION'S WELFARE.

IN SPITE OF THE FACT THAT MANY STUDIES AND REPORTS REVEAL THAT BILINGUAL EDUCATION PROGRAMS ARE EFFECTIVE IN EQUIPPING STUDENTS TO SUCCEED IN THE CLASSROOM AND IN THE JOB MARKET, THE ADMINISTRATION IS PROPOSING TO REDUCE FUNDING FOR THESE PROGRAMS BY 41%. THE FIGURE FOR 1983 OF $94.5 MILLION WOULD DEPRIVE APPROXIMATELY 125,000 CHILDREN OF NEEDED SERVICES. THE NATIONAL ADVISORY COUNCIL ON BILINGUAL EDUCATION RECOMMENDED $144 MILLION DOLLARS, AND THE CONFERENCE REPORT RECOMMENDATION OF THE HOUSE AND SENATE WAS $143,810,000.

THE PROPOSED CUTS WOULD BE SEVERELY DAMAGING TO THE TEACHER TRAINING AND SUPPORT SERVICE FUNDS, WHICH ARE ESSENTIAL FOR INSURING THAT STUDENTS RECEIVE THE BEST POSSIBLE INSTRUCTION AND MATERIALS TO ENHANCE THEIR EDUCATIONAL OPPORTUNITY AND PREPARE THEM FOR AN ALL-ENGLISH ENVIRONMENT AS SOON AS POSSIBLE. GRANTS TO LOCAL SCHOOL DISTRICTS WOULD BE CUT BY 19%, EVEN THOUGH THE ADMINISTRATION IS PROPOSING TO PLACE THE BILINGUAL VOCATIONAL TRAINING PROGRAMS UNDER THESE ALREADY LIMITED FUNDS. BILINGUAL VOCATIONAL EDUCATION PROGRAMS, WHICH HAVE A RETENTION RATE OF APPROXIMATELY 95 PERCENT AND AN AVERAGE PLACEMENT RATE OF ABOVE 90 PERCENT, HAVE PROVEN VERY SUCCESSFUL IN PROVIDING OPPORTUNITIES FOR LANGUAGE-MINORITY YOUTH AND ADULTS TO LEARN A SKILL AND SECURE A RESPONSIBLE PLACE IN AMERICAN SOCIETY. WE ARE HARD PRESSED TO SEE EVIDENCE OF A FIRM COMMITMENT BY STATES TO EXERCISE THEIR ROLE OF STATEWIDE PLANNING AND DEVELOPMENT OF VOCATIONAL EDUCATION/CETA PROGRAMS AND HOW THEY

RELATE TO BILINGUAL VOCATIONAL EDUCATION, AND FEAR THAT PLACING BILINGUAL VOCATIONAL TRAINING PROGRAMS IN COMPETITION FOR ELEMENTARY AND SECONDARY EDUCATION FUNDS WOULD BE DEVASTATING TO ALL PROGRAMS.

BILINGUAL EDUCATION IS BUT ONE OF A SERIES OF APPROACHES TO MEETING THE NEEDS OF MINORITY LANGUAGE STUDENTS, AND IT OCCUPIES A SMALL PORTION OF THE OVERALL APPROPRIATIONS FOR EDUCATION. HOWEVER, THESE PROGRAMS HAVE RECEIVED AN INORDINATE AMOUNT OF ATTENTION, IN PART BY THOSE WHO VIEW TEACHING IN A FOREIGN LANGUAGE AS "UN-AMERICAN" OR "DAMAGING TO OTHER EDUCATIONAL PROGRAMS." CONTRARY TO PUBLIC PERCEPTION, AND TO THE MANNER WHICH THE MEDIA HAS CHARACTERIZED BILINGUAL EDUCATION, IT IS NOT AN ATTEMPT BY THE SPANISH-SPEAKING COMMUNITY, NOR ANY OTHER NON-ENGLISH DOMINANT GROUP, TO CREATE ITS OWN COUNTRY WITHIN THE UNITED STATES. THERE ARE NUMEROUS STUDIES TO SHOW THAT STUDENTS TAUGHT IN THEIR NATIVE LANGUAGE UNTIL ABLE TO SUCCEED IN MONOLINGUAL ENGLISH CLASSROOMS PERFORM BETTER THAN THOSE WHO ARE FORCED IMMEDIATELY INTO AN ALL-ENGLISH ENVIRONMENT, SO OUR PURPOSE IN SUPPORTING THESE PROGRAMS IS PRECISELY THAT OF HELPING STUDENTS BE BETTER CONTRIBUTORS TO MAINSTREAM AMERICAN SOCIETY.

WE ADAMANTLY OPPOSE EFFORTS TO REDUCE FUNDING FOR A YOUNG PROGRAM SUCH AS BILINGUAL EDUCATION WHICH HAS NEVER TRULY BEEN ALLOWED TO PROVE ITS FULL EFFECTIVENESS DUE TO UNDER-FUNDING AND UNDER-ENFORCEMENT OF ITS REQUIREMENTS. BILINGUAL EDUCATION IS ESSENTIAL FOR MANY STUDENTS OF MINORITY-LANGUAGE BACKGROUND IF THEY ARE TO RECEIVE EQUITABLE OPPORTUNITIES AND REALIZE THEIR FULL POTENTIAL AS AMERICAN CITIZENS.

SUBCOMMITTEE RECESS

Senator ABDNOR. The subcommittee will stand in recess until Thursday, May 6 at 9:30. See, we're right back at it again tomorrow, when we're going to be meeting in room 1114, Dirksen, to continue our public witness hearings.

At that time, the subcommittee will hear witnesses and testimony regarding education for the handicapped, rehabilitation services and handicapped research, vocational and adult education, and higher education, and the National Institute of Education.

With that, we do stand in recess until 9:30 tomorrow. Thank you.

[Whereupon, at 4:20 p.m., Wednesday, May 5, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, May 6.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, MAY 6, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:35 a.m. in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. Harrison Schmitt (chairman) presiding.

Present: Senators Schmitt, Rudman, and Inouye.

NONDEPARTMENTAL WITNESSES

EDUCATION FOR THE HANDICAPPED PANEL

STATEMENTS OF:

- **FREDERICK J. WEINTRAUB, ASSISTANT EXECUTIVE DIRECTOR, COUNCIL FOR EXECPETIONAL CHILDREN**
- **KATHLEEN ROY, ASSISTANT DIRECTOR, UNITED CEREBRAL PALSY ASSOCIATIONS, INC.**
- **MORGAN DOWNEY, DIRECTOR, AMERICAN SPEECH-LANGUAGE-HEARING ASSOCIATION**
- **MARTIN A. ADLER, DIRECTOR, HELEN KELLER NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS**
- **NORA E. CARTLEDGE-CHEEK ASSISTANT SUPERINTENDENT, BALTIMORE CITY PUBLIC SCHOOLS**
- **ELAINE KOWALL, CAMBERJ EDUCATIONAL PROGRAM, SAN PABLO, CALIF.**

SUBCOMMITTEE PROCEDURE

Senator SCHMITT. The hearing will come to order. The first panel this morning will be concerned with education for the handicapped. If the witnesses for this panel will take their seats at the witness table, we can begin.

The subcommittee will hear testimony from representatives from the Council for Exceptional Children, the United Cerebral Palsy Association, the Action Committee for Higher Education, the Helen Keller National Center for Deaf-Blind Youths and Adults, the American Speech-Language Hearing Association, the Camberj Educational Program, and the City of Baltimore Department of Education.

Your prepared statements will be printed in their entirety in the record, without objection, and you may proceed according to any arrangement that you may have made among yourselves. If you wish me to just designate, I will do that.

I would like to remind you that we will have a 5-minute limitation on each speaker and this panel will have a total of—it's my understanding that there are a total of seven witnesses, but I only see four at this time, three or four.

We will do the best we can. The first witness is Mr. Weintraub. Please proceed.

STATEMENT OF FREDERICK J. WEINTRAUB

Mr. WEINTRAUB. Thank you, Senator. My name is Fred Weintraub. I am the assistant executive director of the Council for Exceptional Children.

I thank you for this opportunity to appear before you today to offer both the position of the Council for Exceptional Children, the Association for Retarded Citizens, the National Society for Children and Adults for Autism, and the United Cerebral Palsy Organizations, Inc. of America.

Senator SCHMITT. It's great to have you here. It's my understanding that Jo Thomason from Albuquerque is a close associate of yours with this council.

Mr. WEINTRAUB. Yes; she is president of the council and has been a great asset to us in that leadership role for a number of years now.

Public Law 94–142 is the first issue that we would like to address, the Education for All Handicapped Children Act. This year a letter was sent from the Congress to President Reagan from a bipartisan group of 59 Senators and 285 Members of the House, suggesting that the administration not request, once again, cuts in funding for Public Law 94–142 and provisions concerning amendments that would strike at the core of the fundamental provisions of that law.

Last year, the administration requested 30-percent cuts in funding which the Congress refused to honor. I think both the letter and the actions of the Congress last year represented sensitivity to the fact that this vital program should not be cut as part of an economic recovery program. We applaud the action of the Congress last year and this year and we hope in the coming years.

We regret coming before you in 1982 faced with responding to essentially the same administration recommendations as those that were so soundly rejected by the Congress last year. The administration is once again calling for 30-percent reductions, coupled with the revised request for creation of a block grant for special education programs and intolerably damaging amendments to Public Law 94–142. This three-part proposal, as I noted before, was rejected in 1981 and we implore you to reject it again this year.

The administration is requesting that Public Law 94–142, plus Public Law 89–313, which provides aid to children in State-supported schools and institutions—for example, Senator, over 500 severely handicapped kids in the State schools and institutions in the State of New

Mexico—and the preschool incentive program, which is a program for preschool handicapped children, be consolidated and that the funding for those three programs be reduced by approximately 30 percent.

We urge the Congress to once again reject these proposals this year.

We would note some concerns if the 30-percent reductions were to take place. Surveys that we have done, the National Association of State Directors of Special Education have done, and other groups have done, suggest that there is a significant problem in the ability of local school districts to absorb these cuts, that there would be particularly severe impact on preschool age children, on children between the ages of 18 and 21, and on severely handicapped children.

The surveys suggest that 20 to 50 percent of handicapped children would lose services. We know after surveys in talking to people in State legislatures around the country, that there would be significant cutbacks and reductions in State policy. We know that in the areas of related and support services, such as speech therapy, physical education, transportation, and child-find and evaluation, great losses would occur.

We also know that there would be losses in personnel and increases in class size.

One of the things that concerns us greatly is that if we have reductions in the availability of local education programs for handicapped children, there will be a commensurate increase in institutionalization of such children and the long-term cost to society would be substantial.

Mr. Chairman, we know that this committee continues to understand the importance of maintaining funds under Public Law 94–142. The law assures a free, appropriate public education for all handicapped children, a minimum floor of responsibility across all of the States. The law was created because it was needed and it is still needed.

Thus, the Federal Government should maintain fiscal good faith in its partnerships with States and localities.

We recommend to you that the Congress establish in the reconciliation bill a funding ceiling of $1.018 billion for fiscal 1983. That certainly is a substantial reduction from the previous authorization of about $3.3 billion. We believe that we are fully justified in requesting an appropriation level of $1.018 billion for fiscal year 1983.

I would like to comment briefly on the preschool incentive program and suggest once again that we reject the administration's notion of block granting this along with Public Law 94–142. We feel that it is critical that we maintain incentives for preschool handicapped children. There is no question from all the research that has been done that if we serve these young children, the costs to society are much less in that we can reduce the conditional costs of special education later. But even more importantly, we know that by serving children young, their life potentials and educational potential is greatly increased. Now, if at any time, it is not the time to cut preschool programs.

We would also like to suggest to maintain the funding for Public Law 89–313. It is important to understand that children in State institutions are a very vulnerable group of children and we can't allow cuts in these programs because with those cuts, we would seriously impair the ability to serve the children.

Do I assess my time has expired?

Senator SCHMITT. That's what the light's for. Your entire testimony will be examined.

Mr. WEINTRAUB. If I could, Senator, I would just like to add into the record an additional statement of the Association for Retarded Citizens. I believe you have a copy of that.

Senator SCHMITT. Yes.

Mr. WEINTRAUB. And also, then, recognize Kathy Roy, who will speak to some additional issues beyond education.

Senator SCHMITT. Ms. Roy, if you will withhold just 1 minute, I'll take care of some other business.

[Pause.]

STATEMENT OF KATHLEEN ROY

Ms. ROY. Mr. Chairman, I'm Kathy Roy, the assistant director of the UCPA Governmental Activities Office. I am here representing the Council for Exceptional Children, the National Society for Autistic Children and Adults, and the Association for Retarded Citizens.

I have already submitted my statement for the record and would just like to highlight certain portions of that statement that I feel are critical to the consideration of this committee.

While this panel is focused on Public Law 94–142, the Education for All Handicapped Children Act, there are many programs that work together for the severely handicapped child and adult.

Last year, in fiscal year 1981, these programs were funded at $2.991 billion. Currently, under the continuing resolution, it is receiving $2.4 billion. Requesting information about the effects of the current reductions in our programs, we found that of 56 of our affiliates surveyed, 20 were receiving a total of $658,100. The effects of these cuts in services are described at pages 2 and 3 of my statement, of how these cuts have already affected the States of Ohio, Kentucky, Illinois, and Pennsylvania. They have been devastating.

We respectfully request that the committee fund title XX at the authorized level of $2.45 billion for fiscal year 1983.

Mr. Chairman, vocational rehabilitation is another concern of ours. It is cost effective because it puts severely disabled persons to work. The Council of State Administrators of Vocational Rehabilitation has recently done a survey on how the current Reagan administration proposal would affect the ability of the vocational rehabilitation facilities across the country. They noted that they could serve only 624,670 individuals, which is a total cut of 37 percent of the current clients served under vocational rehabilitation.

Page 6 of my testimony gives you an example of how our program in New York City is working with the State vocational rehabilitation agency to place severely disabled people, people who might not otherwise become employed.

We, along with the other agencies whom we represent today, recommend that it be fully funded at the authorized level.

Likewise, "Independent Living," when it was first enacted, was created to meet the needs of individuals with services in the community to allow persons to live independently. Last year, in Public Law 97-35, the authority for this program was drastically reduced. The authority for that same program for fiscal year 1983 is $19.4 million. We think it is vital and critical by allowing disabled persons to live and function in the community.

Mr. Chairman, without good research, we cannot improve employment opportunities for disabled persons. For this reason, we recommend that NIHR be funded at the fully authorized level of $35 million. The Developmental Disabilities Act works to assure that our Nation's most severely and profoundly disabled persons are cared for adequately. With the ensuing cuts in social services programs, the Developmental Disabilities Act would become of even greater importance to these persons.

For that reason, we recommend that the Developmental Disabilities Act be funded at the authorized level in fiscal year 1983 and we ask you to reject the President's proposal.

Finally, Mr. Chairman, the Maternal and Child Health Block Grant works to prevent disability. If children with these disabilities are not cared for, they will become tax burdens rather than taxpayers.

For this reason, we ask that you fund Maternal and Child Health Block Grant at $373 million in fiscal year 1983 and we further urge you to reject the President's proposal.

Thank you very much, Mr. Chairman.

Senator SCHMITT. Thank you, Ms. Roy. That's excellent testimony and it will be very helpful to the committee.

Next, Mr. Morgan Downey. Is that correct, Mr. Downey?

STATEMENT OF MORGAN DOWNEY

Mr. DOWNEY. Yes; thank you, Senator. I wish to thank the subcommittee for this opportunity to testify on appropriations for the Education of the Handicapped Act. I am Morgan Downey, director of governmental affairs for the American Speech-Language-Hearing Association. Over 40 percent of our 36,000 members provide clinical services to speech, language and hearing impaired children in our Nation's schools.

ASHA, as we are known, firmly believes that funding for education of the handicapped must not be cut back; it must be expanded. Funding for State grants, preschool incentive grants, early childhood programs, innovation and development, and special education personnel development all deserve increased funding. In these areas, we are recommending an increase in appropriations of a total of $124.7 million above the level of the fiscal 1982 continuing resolution.

At a time when the cost of Federal programs are being closely scrutinized for their benefits to society, these programs can welcome such scrutiny. Education of the Handicapped Act programs work. Under this law, 3,941,000 children are served. All of the Education of the Handicapped Act programs cost the Federal Government barely over $1 billion, or roughly $250 per handicapped child.

It's very hard to value the benefit of these programs, but I'll refer you to our written submission which recounts some malpractice awards, where courts have been forced to determine the financial benefits, if you will, to be awarded to individuals who have been treated for or who have not been treated properly and have a handicapping condition as a result.

In one case against the Federal Government for negligence and failure to diagnose meningitis, a 10-month-old child was left profoundly retarded with loss of vision and hearing. The court made a total award of just under $1 million for that one child. For lost earning capacity alone, the specific award was for $368,000.

Certainly, these figures are in stark contrast to the rather small funding that the Federal Government provides for these programs.

I'd like to address my remarks briefly to some specific areas of the Education of the Handicapped Act. We fully support the statement earlier, the two statements earlier, about the need for funding at appropriate levels for the State grant program and the preschool incentive grant program.

There are other specific programs which create the infrastructure that makes the delivery of services as appropriate and workable as it is. The Special Education Personnel Development, or part D, has as its objective the provision of support to institutions of higher education and local and State education agencies to insure an adequate supply of qualified providers of special education and related services.

Without properly trained personnel, the primary goals of Public Law 94–142 cannot be achieved. Reductions in guaranteed student loans make continuation of these programs even more important. According to the data reported by the Department of Education, the number of special educators and related service providers exceeds the number available by more than 100,000. With this kind of shortfall in personnel to provide the mandated services under Public Law 94–142, it would be irresponsible to proceed with budget cuts in personnel development that have been imposed on that program so far.

The early childhood program, part C of the Education of the Handicapped Act, was designed to promote a comprehensive approach to providing services to young children and their parents. For fiscal 1982, the early childhood program was slashed to barely half of prerescission funding level and less than half of the authorized level established by Congress.

Currently, there are 163 early childhood programs serving thousands of young handicapped children. The funding reductions that are being imposed on this program will result in a loss of half of these projects and no new demonstration projects can be planned.

Innovation and development programs, or part E of the act, provides funds for research, development and demonstration of new programs, teaching devices and services that will improve the quality of education for handicapped children. The products developed through this program are used to improve special education services in school districts throughout the Nation.

Last year, funding for this program was cut in half to a level only slightly more than one-third of the full authorization amount. Unless Congress increases funding now, only 93 of the current 184 innovation and development projects will survive and no new projects can be started.

Research and development in any field are key factors in assuring that programs and services are cost effective. Reducing these funds at a time of growing service needs for the handicapped and school-age population is inconsistent with the twin objectives of providing handicapped children with appropriate education and making special education more efficient and cost effective.

Funding should be restored to the authorized level of $20 million.

Senator, I know our time is short. I will conclude my oral remarks at this time and reiterate our strong support for the continuation of the State grant programs under this Education of the Handicapped Act. Thank you.

Senator SCHMITT. Thank you, sir. We appreciate that and your testimony is very helpful. Next is Mr. Martin Adler.

STATEMENT OF MARTIN A. ADLER

Mr. ADLER. I would like to introduce Mrs. Michelle Smiftness, who is deaf-blind, a former client of the Helen Keller National Center and now an instructor in communications, teaching communications to other deaf-blind individuals.

Ms. SMIFTNESS. Good morning, gentlemen. I want to share with you about when I became deaf-blind. How sad and unhappy I was to be in a lonely, dark, silent world. But after going to the Helen Keller National Center, this is not true any more. I do not cry every night and day. I am happy to know how to communicate with many different people by using different methods. Even you can communicate with people like me.

I can also travel many miles. I went on the airplane, on the train, subway, and buses. I can also dress myself and take care of myself. I learned all of this from daily living. I can even cook. I can make a nice meal myself from working in the home economics department. I can work. It is really wonderful.

I do hope that you will help other people like me, so that they do not have to be in a lonely, dark, silent world.

Please help us.

Mr. ADLER. Thank you, Senator.

Senator SCHMITT. Well, thank you. You should feel very proud of yourself, as well as the Helen Keller National Center. It is a remarkable achievement and we're very happy for you and for your testimony today.

Ms. Smiftness. Yes.

Senator SCHMITT. Our next witness—Dr. June James III. Is she here? She may not have made it. Dr. Nora Cartledge-Cheek. Did I pronounce your name right?

STATEMENT OF NORA E. CARTLEDGE-CHEEK

Ms. CARTLEDGE-CHEEK. Absolutely correct. Thank you, Chairman Schmitt.

I am Nora E. Cartledge-Cheek, assistant superintendent, Division for Exceptional Children, Baltimore City Public Schools.

We appreciate this opportunity to speak with you concerning the impact of implemented and proposed budget cuts on the city's school system.

Baltimore City Public Schools serve approximately 118,000 children. Of this number, approximately 95,000, or 80 percent, are economically disadvantaged and/or handicapped. Since disadvantaged and handicapped children are so prevalent in Baltimore, the school system has relied heavily on Federal funds to strengthen the public schools' programs.

Specifically, Federal budget cuts for fiscal year 1981 through fiscal year 1983 will have the following impact.

A loss to Baltimore of more than $13.5 million in Federal funds for education is anticipated over the next 2 years if the President's budget proposals are adopted. Hardest hit will be programs that boost the achievement of disadvantaged children, provide handicapped children appropriate educational services, and enable adults to become self-sufficient citizens. The city has already felt the effects of $4.7 million in cuts.

ESEA title I services to 10,000 educationally disadvantaged students would be discontinued and 550 teachers and aides would be laid off as a result of budget cuts of $8.5 million or 40 percent of the funding level for fiscal year 1981.

Special education services to 4,000 handicapped children would be jeopardized and services to preschool handicapped children, infants and severely handicapped students in residential facilities will be significantly reduced. Budget cuts of $1.7 million, or 44 percent, could also result in as many as 85 staff members being laid off.

Adult education programs would be forced to eliminate services to 900 adults currently enrolled and turn away 700 adults seeking entry into classes. Funds will be cut by $27,000, or 40 percent.

Vocational education programs will be forced to curtail guidance and placement services to the city's secondary vocational students, thus hampering efforts to equip young people with job entry skills at a time when youth unemployment is one of the gravest problems facing the Nation.

Block grants enacted for 1982 will result in competition among diverse programs for shrinking funds at the local level. In 1981, Baltimore received approximately $1.6 million for programs in basic skills, school library resources, gifted and talented, career education, and school desegregation and other programs in the block grant. In 1982, under the block grant, Baltimore City will receive a maximum of $1.4 million, and approximately $200,000 of that amount will go to nonpublic schools. As a result, successful efforts in some areas for which categorical funds were available previously will be terminated.

We respectfully urge you to reject the President's proposed budget that would further reduce services to disadvantaged and handicapped students.

Thank you for the attention that you will give to our concerns. We hope that your work will lead to the continuation of the progress made in bringing handicapped children into the educational maintstream and in raising average test scores of disadvantaged students.

Thank you.

Senator SCHMITT. Thank you very much. Our final witness in this panel is Mrs. Elaine Kowall. Would you proceed, please?

STATEMENT OF ELAINE KOWALL

Ms. KOWALL. I am here with my son and I feel that the best testimony—you have my statement.

Senator SCHMITT. Yes; we do.

Ms. KOWALL. I feel that you should hear who this is really going to affect, and that's not just my son, but my daughter and a lot of other children. So he'll speak for Camberj. It was cleared by your staff.

Senator SCHMITT. Please go ahead. What is your son's name?

Mr. KOWALL. John. I'm here to defend my education. I have dyslexia, which is a learning disability. So I have to go to a special school which my mom created for me and my sister. So I go there 3 hours a week. It helps my dyslexia a great deal because when I was in public school a year ago, I was in the third grade and I was just being passed into the fourth grade, but I was in the second grade in reading.

Now, I'm in the fourth grade and I'm at the fourth grade reading level. So the school improves my dyslexia a great deal. My sister goes to school at the same time. When she was born, the doctors told my mom that she wouldn't be able to talk. She wouldn't even know who anyone was. She wouldn't be able to breathe right or anything and they would have to put her in an institution.

But now, she can do arithmetic. She can talk just like anyone else. She reads and she writes. So the school has even helped her also.

And what I'm asking you, I just want to ask you to make sure Reagan, whenever he cuts the budgets, he doesn't cut them on education, because then if he did, there would probably be 70 out of 100 chances—I mean 20 out of 100 chances, probably, of my school being shut down.

Senator SCHMITT. How old is your sister?

Mr. KOWALL. She is 13.

Senator SCHMITT. And how old are you?

Mr. KOWALL. I am 11.

Senator SCHMITT. Well, it's great that you're here sticking up for your sister, too.

Mr. KOWALL. I'm also mainstreamed in another private school.

Senator SCHMITT. Well, I thank you very much for your testimony and that of your mother. You give your sister our best and we will do the best we can to make sure that your school keeps open. OK?

Mr. KOWALL. Thank you.

Senator SCHMITT. Thank you.

Ms. KOWALL. Could I say something?

Senator SCHMITT. Yes, please.

Ms. KOWALL. Wilson Riles, the State superintendent, would like to send his best. I talked to him. I hope you will understand that I do feel that it is his education; it's not mine.

Senator SCHMITT. I understand that, and the committee understands it, too.

Ms. KOWALL. And so you'll have to deal with him if you take away his education.

Senator SCHMITT. Well, he seems to be doing very well. But we're certainly going to do everything we can to help him. Thank you very much.

Ms. KOWALL. Thank you.

PREPARED STATEMENTS

Senator SCHMITT. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF MORGAN DOWNEY

Mr. Chairman, I wish to thank the Subcommittee for this opportunity to testify on appropriations for the Education of the Handicapped Act. I am proud to represent the American Speech-Language-Hearing Association (ASHA). Over 40% of our 36,000 members provide clinical services to speech, language, and hearing impaired children in our nation's schools. Speech is the second largest handicapping condition as reported in the child count. However, that count does not take into account the thousands of children who receive speech pathology services but who have another primary handicapping condition.

ASHA firmly believes that funding for education of the handicapped must not be cut back; it must be expanded. Funding for state grants, pre-school incentive grants, early childhood programs, innovation and development, and special education personnel development all deserve increased funding. In these areas we are recommending an increase in appropriations of a total of $124.7 million above level of the FY 82 Continuing Resolution.

At a time when the costs of federal programs are being closely scrutinized for their benefits to society, these programs can welcome such scrutiny. The Education of the Handicapped Act programs work. Under this law 3,941,368 handicapped children are served. All the Education of the Handicapped Act programs cost barely over $1 billion or $250 per handicapped child served. Compare that to how the courts have awarded damages for malpractice or negligence resulting in handicapping conditions:

- A child of six weeks suffered brain damage, was paralyzed, rendered completely mute, and will require institutionalization for its entire life. The child was awarded $1,400,000. (McGraw v. North Shore Medical, New York, 1978)
- A 20-month old child who suffered a complete loss of hearing with a prognosis for continued difficulty in hearing and speech was awarded $300,000. (Adams v. Shaloff, Indiana, 1976)
- A 17-year old girl suffered multiple skull fractures resulting in loss of speech, impaired vision, and quadruplegia. She was awarded $1,650,000. (Lane v. Kelce, Colorado, 1976)

Financial awards for negligence resulting in handicapping conditions are large and growing. The hundreds of thousands of dollars involved in these judgments are an example of the value society places on freedom from handicapping conditions and the cost of handicapping conditions in lost income, lost opportunities, and increased expenditures for care. In one case against the Federal Government for negligence in failure to diagnose meningitis, a 10-month old child was left profoundly retarded with loss of vision and hearing. The Court made the following awards:

for loss enjoyment of life................	$100,000
for loss of normal life expectancy........	90,000
for pain and suffering....................	175,000
for lost earning capacity.................	368,175
for pre-trial medical care................	8,592
for post-trial medical care...............	250,000
Total.......................	$991,767

Federal expenditures which mitigate the effect of handicapping conditions can save society thousands if not millions of dollars.

Education of the handicapped is particularly cost-effective since it makes possible the early identification of disabilities and the provision of professional services which can ameliorate the effects of those conditions.

There is substantial evidence that PL 94-142 has brought about dramatic improvements in access to and provision of special education and related services in school districts around the country. The Office of Special Education Programs has reported that states with past poor records of service to handicapped children are making significant strides due to compliance with the Act and the provision of federal grants. The General Accounting Office recently found that the education of handicapped children programs have largely fulfilled the legislative priorities for identifying and serving the most severely handicapped. Moreover, during the years since implementation began, thousands of persons - state and local officials, school administrators, special educators, parents, and handicapped children themselves - have written and testified to Congress as to the significance and viability of PL 94-142 and the need for continuation of adequate federal financial assistance.

I. State Grant Programs

Maintenance of the federal share needed to cover the excess cost of educating handicapped children is essential to the success of PL 94-142. ASHA believes that the guarantees of PL 94-142 to a free and appropriate public education must continue and that the federal government should not impose backdoor taxation on the states by leaving the guarantees in place but cutting funding. The federal government has a responsibility to show that continued support for PL 94-142 is not just rhetorical, but is financial as well.

When Congress enacted PL 94-142, provisions were made for an escalation in federal assistance that was to reach and level off at 40 percent in 1982. Until last year, however, the actual federal contribution remained far below the authorized level. As a result of changes made in the Omnibus Budget Reconciliation Act of 1981, new ceilings were established which reduced future authorization levels by about two-thirds. If the proposed rescission in PL 94-142 were to be approved, federal assistance would decline from the present level of 10.1 percent of the average per pupil expenditure to only 7.1 percent. This amounts to only $168 per handicapped child compared to the approximately $800 that states had originally anticipated by 1982. With the constant increase in the handicapped child count and when inflationary pressures are taken into account, even funding at the truncated FY 1982 and FY 1983 authorization levels would make continuation of services at current levels difficult. Reductions of the magnitude the Administration is requesting would result in an enormous deterioration of special education and related services.

This Association strongly recommends that Congress reject the FY 1982 rescission requests for the State Grant programs and approve $1,017.9 million in FY 83 funding for PL 94-142.

II. Preschool Incentive Grant Program

Congress has recognized the importance of early special education by enacting the Preschool Incentive Grant Program (Part B, Sec. 619 of the Education of the Handicapped Act) to encourage states to provide services to children in the 3-5 age range. About one-quarter million children are served annually through this program, but lack of funding has limited its potential for reducing the number and severity of handicaps that schools must contend with in the elementary and secondary populations. Much research has demonstrated that the earlier special education intervention occurs the less costly are overall services. For instance, the difference between starting special educaion at age two and age six has been calculated at a cost savings of about $16,000 per child. The provision of appropriate educational services to handicapped preschool children has been shown to reduce the number and severity of handicapping conditions, in later years. Therefore, fewer public funds will have to be allocated for these children during their elementary and secondary school education. Other studies have demonstrated the long-term savings of early intervention with respect to taxes generated by disability income maintenance not required by the recipients of special education and related services. One study has calculated that long-term savings for speech impaired persons totaled over $87,000 and for mildly retarded persons over $441,000. Therefore, ASHA recommends that Congress appropriate $25 million for Preschool Incentive Grants in FY 1983.

III. Early Childhood Program

The Early Childhood Program, Part C of the Education of the Handicapped Act, was designed to promote a comprehensive approach to providing services to young children (ages 0-8) and their parents. Funds are used to develop models for activities and services aimed at: (a) facilitating the intellectual, emotional, physical, mental, social, and language development of very young children; (b) encouraging the participation of parents in the development and operation of education programs for their children; and (c) acquainting the community with the special needs of handicapped children. The models are important in the development of optimal educational practices for preschool education of the handicapped programs.

For FY 1982, the Early Childhood Program was slashed to barely half of the pre-rescission funding level and less than half of the authorization level established by PL 97-35. Currently, there are 163 Early Childhood Program projects serving thousands of young handicapped children. The funding reductions that are being imposed on this Program will result in a loss of half of these projects and no new demonstration projects will be planned.

The extent of unserved and underserved children in the youngest age categories is unfortunate since early intervention of these handicapped children can be so cost effective in the long term. However, service to children age 5 and under is not mandated by law and consequently fewer than one-third of the states require services to children in the 3-5 age range. It is estimated that the total lifetime cost of institutionalization of a disabled person is between $1-4 million. Hence, if just 20 of the 237,000 children ages 3-05 were given appropriate special education and related service and were prevented from being institutionalized, the full $20 million authorized for the Early Childhood Program will have been returned. It is therefore recommended that funding for this program in FY 1983 be set at the full authorized level.

IV. Innovation and Development Program

The Innovation and Development Program, Part E of the Education of the Handicapped Act, provides funds for research, development and demonstration of new programs, teaching devices and services that will improve the quality of education for handicapped children. The products developed through this program are used to improve special education services in school districts throughout the nation.

Last year, funding for this Program was cut in half - to a level only slightly more than one-third of the full authorization amount. Unless Congress increases funding now, only 93 of the current 184 Innovation and Development projects will survive and no new projects could be started. Research and development in any field are key factors in assuring that programs and services are cost effective. Reducing these funds at a time of growing service needs for the handicapped schoolage population is inconsistent with the twin objectives of providing handicapped children with appropriate educational services and making special education more efficient and cost effective. Funding should be restored to the authorized level of $20 million.

V. Special Education Personnel Development

The Special Education Personnel Development Program, Part D, Sections 631-534 of the Education of the Handicapped Act, has as its objective the provision of support to institutions of higher education and local and state education agencies to ensure an adequate supply of qualified providers of special education and related services.

Without properly trained personnel, the primary goals of PL 94-142 cannot be achieved. Reductions in Guaranteed Student Loans and Pell Grants make continuation of these programs even more important. According to data reported by SEP, the number of special educators and related service providers needed exceeds the number available by more than 100,000. With this kind of shortfall in personnel to provide mandated services under PL 94-142, it would be irresponsible to proceed with the budget cuts in Personnel Development that are contained in the Continuing Resolution for FY 1982.

As a result of the reduction in FY 1982 appropriations to $33.6 million, the number of Special Education Personnel Development projects will have to be cut from 836 to 671. The loss of staff due to this reduction in funds will be a permanent erosion of instructional staff. Coupled with the loss of future special education and related service professionals trained for employment in public schools, the current critical shortage of qualified personnel will continue to increase unless Congress restores funding to the authorized level of $58 million.

STATEMENT OF NORA E. CARTLEDGE-CHEEK

I am Nora E. Cartledge-Cheek, Assistant Superintendent, Division for Exceptional Children, Baltimore City Public Schools. We appreciate this opportunity to speak with you concerning the impact of implemented and proposed budget cuts on the city's school system.

Baltimore City Public Schools serves approximately 118,000 children. Of this number approximately 95,000 or 80% are economically disadvantaged and/or handicapped. Since disadvantaged and handicapped children are so prevalent in Baltimore, the school system has relied heavily on federal funds to strengthen the public school's programs.

Specifically, federal budget cuts for Fy 81 through Fy 83 will have the following impact.

IMPACT SUMMARY
FEDERAL BUDGET CUTS FY '81 THROUGH FY '83

A loss to Baltimore of more than $13.5 million in federal funds for education is anticipated over the next two years if the President's budget proposals are adopted. Hardest hit will be programs that boost the achievement of disadvantaged children, provide handicapped children appropriate educational services, and enable adults to become self-sufficient citizens. The City has already felt the effects of a 4.7 million dollar cut.

ESEA TITLE I services to 10,000 educationally disadvantaged students would be discontinued and 550 teachers and aides would be laid off as a result of budget cuts of 8.5 million, or 40% of the funding level for FY '81.

SPECIAL EDUCATION services to 4,000 handicapped children would be jeopardized and services to preschool children, infants and severely handicapped students in residential facilities will be significantly reduced. Budget cuts of $1.7 million, or 44% could also result in as many as 85 staff members being laid off.

ADULT EDUCATION programs would be forced to eliminate services to 900 adults currently enrolled and turn away 700 adults seeking entry into classes. Funds will be cut by $27,000, or 40%.

VOCATIONAL EDUCATION programs will be forced to curtail guidance and placement services to the City's secondary vocational students, thus hampering efforts to equip young people with job entry skills at a time when youth unemployment is one of the gravest problems facing the nation.

BLOCK GRANT enacted for 1982 will result in competition among diverse programs for shrinking funds at the local level. In 1981, Baltimore received approximately $1.6 million for programs in basic skills, school library resources, gifted and talented, career education and school desegration and other programs in the block grant. In 1982, under the block grant, Baltimore City will receive a maximum of $1.4 million. (Approximately $.2 million of that amount will go to non-public schools.) As a result, successful efforts in some areas for which categorical funds were available previously will be terminated.

We urge you to reject the President's proposed budget that would further reduce services to disadvantaged and handicapped students. Thank you for the attention that you will give to our concerns. We hope that your work will lead to the continuation of the progress made in bringing handicapped children into the educational mainstream and in raising average test scores of disadvantaged students.

Thank You

STATEMENT OF FREDERICK J. WEINTRAUB

We thank you for the opportunity to appear before this distinguished panel of the United States Senate to offer our unified position respecting appropriations issues for the education of the Nation's handicapped children. We are: the Council for Exceptional Children, the Association for Retarded Citizens, the National Society for Children and Adults with Autism, and United Cerebral Palsy Associations, Inc.

Public Law 94-142, The Education for All Handicapped Children Act

On February 5 of this year a most impressive letter was sent from Capitol Hill to President Reagan. Signed by a bipartisan group of 59 Senators and 285 Members of the House - well over a majority in both chambers, this letter requested that the Administration send no further recommendations to the Congress proposing funding cuts under P.L. 94-142 and no further recommendations proposing amendments that would strike at the core of the provisions embodied in P.L. 94-142. This letter was preceded by a season of budget cutting throughout 1981 in which, while the Administration had requested approximately a 30 percent cut in appropriations under P.L. 94-142 in February and again in October, the Congress refused to cut funding for P.L. 94-142. In its sensitivity to the fact that this vital program need not be cut as part of the President's economic recovery program we applaud the action of the Congress throughout 1981.

We regret coming before you in 1982 faced with responding to essentially the same Administration recommendations as those so soundly rejected by the Congress last year. The Administration is again calling for a 25 to 30 percent reduction in P.L. 94-142 appropriations, coupled with a revised request for creation of a block grant for special education programs and a revised request for intolerably damaging amendments to P.L. 94-142. Apparently the Administration has not, or will not, heed the unmistakable will of the Congress. The Administration's three-part proposal was rejected in 1981; and we implore you to reject it again in 1982.

The Administration is requesting that P.L. 94-142, P.L. 89-313 (supplemental educational support for handicapped children in state operated and supported facilities), and the Preschool Incentive Program be consolidated and be provided with an appropriation of $771.685 million in fiscal 1983 (school year 1983-84). The P.L. 94-142 appropriation for fiscal 1982 (school year 1982-83) as agreed to in the final Continuing Resolution of March 30 of this year will be $931 million (in fact a modest increase over the $874 figure of fiscal 1981). When the $931 million figure is combined with the current actual appropriations for P.L. 89-313 and the Preschool Incentive Program, we have a total current actual appropriation for all three programs of $1.101 billion. Thus we discover, cloaked in this block grant proposal, an Administration request for a 30 percent reduction in current levels for these programs.

By way of brief summary, as reported by state and local special education administrators nationwide, a 30 percent reduction in funding for P.L. 94-142 will cause the following:

- Severe budget cuts would drastically affect services to handicapped children. Local and state efforts will not be able to compensate for the lack of federal funds. A result would be decreases in services to preschool aged and 18-21 year old students, in particular.
- Some districts reported that 20-50 percent of exceptional students would loose services.
- Evidenced by state legislative activity last year under similar threat, states would consider weakening their own special education mandates.
- Necessary services such as speech therapy, adaptive physical education, transportation, "child-find", and evaluation and assessment would be decreased.
- Personnel would be reduced.
- Teacher/pupil ratio (class size) would increase.
- Reductions in special education opportunities will eventually mean greater social and taxpayer costs.

Mr. Chairman, we know that this committee continues to understand the importance of maintaining funding under P.L. 94-142. This law mandates, based upon the guarantees in our constitution, a free and appropriate public education for all handicapped children. This law represents the minimum floor of responsibility across all of the states and territories with respect to the education of this highly vulnerable population. This law was created because it was needed, and it is still needed. Thus the federal government must maintain fiscal good faith in its partnership with the states and the localities.

In the Reconcilitation Act of last summer the Congress allowed for a modest inflationary increase by providing for an authorization level of $1.018 billion in fiscal 1983. When one adds the factor that this $1.018 billion figure was superimposed upon the prior authorization for fiscal 1983 of $3.04 billion, we feel fully justified in requesting an appropriation level of $1.018 billion under P.L. 94-142 for fiscal 1983. Further, we applaud the Congress for continuing to reject the Administration's request for a $238.57 million rescission of the fiscal 1982 appropriation.

Preschool Incentive Program, (P.L. 94-142, Section 619)

This program exists to encourage states and localities to create or expand early intervention programs for handicapped children aged 3 to 5. This program is based on the following realities: benefits are maximized, additional or more severe handicaps may be prevented and greater long-term cost effectiveness is realized when education begins at the earlier stages of development.

As already discussed, the Administration proposes to place this vital incentive program within its special education block grant; and further proposes a 30 percent overall reduction from current levels of funding. The Congress, appreciating the critical importance of early intervention for handicapped children, did not directly cut this program for fiscal 1982, leaving the appropriation at $25 million, the full authorization level allowed under the Reconciliation Act. However, an actual cut of $1 million occurred through the percentage reduction authority given to the Executive Branch.

In our opinion, the effect of the Administration proposals would be:

- With consolidation, it is unlikely that there will be any requirement or even incentive for states and localities to spend any of the monies on preschool-aged children. This lack of incentive coupled with a 30 percent reduction in available funds will result in a slowdown in the preschool effort. Since passage of this program in 1975, the number of preschool-aged handicapped children being served has increased yearly - constantly decreasing the need for expensive services later in life.
- States, faced with reduced resources, will repeal their own preschool mandates and/or reduce voluntarily provided services.
- The loss of the preschool effort will lead to the need to expend funds later in life on students whose handicaps would have been ameliorated or lessened with preschool services.

Permit us to note that, prior to the Reconciliation Act of last summer the authorization levels under this program were determined by a formula based upon the number of preschool children being served. Under that formula the authorization level for fiscal 1983 would have been $60 million-plus. We urge the Congress to appropriate the full $25 million allowed under the revised authorization for fiscal 1983.

P.L. 89-313

This program provides financial assistance to state agencies for programs to meet the special educational needs of handicapped children in state operated or state supported schools. In addition, funds may be made available to local education agencies, under certain conditions, for handicapped children who have left a state agency program and are now enrolled in a local agency program.

Again, the Administration proposes to place this program within its special education block grant; and further proposes a 30 percent overall reduction from current levels of funding.

A 30 percent reduction in funding for P.L. 89-313 and a loss of a statutory earmark for handicapped children in state operated and supported facilities would have the following effects:

- Without earmarked authority, there is no certainty that even the reduced amount of funds would not be diverted away from handicapped children in institutional settings. This population is comprised of children who because of the severity and multiplicity of their handicaps often require the most individualized and intensive educational services and yet are in the most jeopardy of being overlooked.
- A 30 percent reduction in funds will result in dramatically reducing educational opportunities for children in institutions.
- P.L. 89-313 funds are used in some states to serve severely handicapped students in either the preschool or over 18 year old age groups. A 30 percent reduction will jeopardize services to these otherwise unserved groups.

In the original 1981 Continuing Resolution (enacted in December, 1980) this program was at an appropriation level of $165 million. It should certainly not drop below the fiscal 1982 appropriation of $146.52 million, and we would urge the Congress to restore the appropriation for this program to the $165 million level.

The Support Components

In an effort to aid states in their provision of services to handicapped children, Congress developed a number of discretionary programs within the Education of the Handicapped Act (EHA, Parts C through F). The objective of such programs is to supplement the basic state grant programs authorized under P.L. 94-142 by encouraging states, localities, and the profession generally, to initiate innovative techniques and practices, personnel development and services to low incidence populations. These programs, in light of the comprehensiveness of the P.L. 94-142 mandate, have become a crucial factor in the ability of the states to comply. Only through such resources will states be able to train the necessary personnel, develop the skills, materials, and model programs that will eventually result in the delivery of appropriate special education and related services to handicapped children. The EHA programs are essential to the maintenance and continuing enhancement of the quality of education for exceptional children.

The Administration has requested that all of the EHA discretionary programs be repealed and that the currently available funds be consolidated into a "Special Purpose Block Grant" totaling $73.983 million as compared to $150.753 million in FY '81 under the Continuing Resolution of December - a seven percent reduction in current funds and a 50 percent reduction since 1981. We urge the Congress to restore these programs to their prior appropriations levels, which is clearly allowed by the authorization figures for fiscal 1983 contained in the 1981 Reconciliation Act. Moreover, we urge the Congress to reject both further cuts in these programs as well as the Administration-proposed blank check to the Secretary of Education in the form of a "Special Purpose Block Grant."

We would now like to offer comments on three of the EHA support components while emphasizing our concern that there be restoration of appropriations for all EHA programs, Parts C-F.

Personnel Development (EHA, Part D)

Public Law 94-142 requires that every handicapped child receive the special education and related services that are necessary for that child to reach his full potential. This requirement presents the enormous administrative challenge of making available a wide array of services. A fundamental step in the provision of such services is the preparation of necessary personnel. In light of the least restrictive environment and related services provisions of the law, the personnel required to carry out the mandate far exceed the field of special education. In addition to the critical shortage of special education teachers, there is now a dire need for regular teachers with special education skills, speech therapists, psychologists, school social workers, audiologists, occupational and physical therapists, and teacher aids just to name a few.

The EHA Part D Personnel Development program is absolutely essential to meeting overall personnel needs. However, during the recent budget cutting period, this program has dropped in actual appropriations from $57.7 million to an astounding $33.6 million. This reduction coupled with the Administration's further proposed reduction means:

- In FY '81 $7.9 million was borrowed from FY '82 funds to meet contractual agreement which had been entered into prior to the FY '81 rescission. Thus, FY '32 funds for personnel development programs are only 50 percent of FY '81 levels ($51,400,000 vs. $25,700,000). This 50 percent reduction has brought personnel training to a standstill when the need for special education continues to grow.

- The Education Department reports that in the 1979-80 school year, 3,200 special education positions nationwide were budgeted, teachers sought, but no qualified candidate was available. With a national ratio of students to teachers of 18:1, that means that no qualified teachers were available for 57,600 handicapped students.

- The current reduction and any further reduction results in too few special educators being trained than meets even the attrition needs of the profession.

- It was predicted that, with funds unrestored to this program, in the 1981-82 school year, 9,000 positions were vacant, resulting in possibly 162,000 handicapped children not having a qualified teacher available to them.

- The Personnel Development Program also provides resources to train needed related services personnel. Approximately 20,000 new related services personnel were needed by schools in the 1981-82 school year. Without additional funds, this need, too, is predicted to have been largely unmet.

On the basis of all of the aforementioned, we urgently request full restoration of this program to the authorization level of $58 million which was the approximate appropriations level in 1979 and 1980 before the budget axe fell.

Early Childhood Education (EHA, Part C)

The purpose of the Handicapped Children's Early Education Program (HCEEP) is to stimulate increased and improved services to young handicapped children (ages birth to eight years) and their parents. This program which began in 1969 has emphasized the development, demonstration, and dissemination of high quality models. This program compliments the Preschool Incentive program by developing models of best practices for preschool programs.

This program reached an actual appropriation level of $22 million in fiscal 1979, but has since suffered an unfair burden during the course of recent budget reductions, the actual appropriation for fiscal 1982 being only $9.6 million. This reduction coupled with the Administration's further proposed reduction means:

- States have relied heavily on the federal government to disseminate information on the importance of early intervention and to provide technical assistance and develop and disseminate cost-effective practices. Without this vital role, states and localities will not be able to maintain their most cost-effective programs - their programs for the birth to school-aged population.
- Approximately 10 million handicapped young children and their families benefited from services under this program in FY '81. This number has been reduced by one-half under the current cuts with near extinction in sight if the Administration fiscal 1983 proposals are accepted.

We urge the Congress to restore this program to its prior levels and we thus recommend the authorization level of $20 million.

Innovation and Development (EHA, Part E)

Program activities under this authority are directed at developing new knowledge, methods and materials to help the Nation's schools fulfill their commitment to handicapped children. Because research and demonstration activities tend to be of national significance, the effort is made to develop mechanisms that will produce the broadest possible diffusion, utilization and implementation of the products of research and development.

During the recent budget cutting season the appropriation for this program, so vital to the enhancement of quality in special education, has plummeted from $20 million in fiscal 1980 to $7.2 million in fiscal 1982. This reduction coupled with the Administration's proposals for fiscal 1983 means:

- The repeal of and reduction in funds for the Innovation and Development Program is inconsistent with the Administration's position that an appropriate federal role in education is that of research and dissemination. The loss of an earmark for research jeopardizes the future quality of educational services and programs for handicapped children.
- Reductions in this program of national significance have already resulted in a 50 percent loss of research projects and activities from FY '81 to FY '82. Further reductions endanger the entire program because states, localities and the private sector do not view national research activities as a mission for their dwindling resources.

We urge the Congress to restore this program to its previous appropriation level of $20 million, which figure also represents the authorization level allowed for fiscal 1983.

Other EHA Programs

Respecting the wishes of the Committee that we restrict our comments to no more than nine pages, we have highlighted only three of the support programs. The remaining programs that provide resources for Deaf-Blind Centers; Severely Handicapped projects; Regional, Vocational, Adult and Postsecondary programs; Media Services and Captioned Film projects; Regional Resource Centers; Recruitment and Information services; and Special Studies are also vital to the goal of maximizing every handicapped student's learning potential. These programs also have suffered devastating cuts and we recommend for these programs as well, that funding be restored to their full authorization levels which were simply the 1981 levels prior to rescission.

Further information on each of these programs is available from The Council for Exceptional Children.

In Closing

Mr. Chairman, we wish to acknowledge our concern for many other programs impacting upon handicapped Americans which are discussed in auxillary statements presented here today. We present this collective statement to convey the strong unity among our organizations respecting issues of mutual concern at the federal level. May we say, finally, that the resources of our organizations continue to be available to this panel as you pursue your legislative mission.

STATEMENT OF KATHLEEN ROY

INTRODUCTION

United Cerebral Palsy Associations, Inc., is pleased to present testimony today regarding FY '83 appropriations for Title XX Social Services, Vocational Rehabilitation programs and the National Institute of Handicapped Research. These are of great importance to UCPA. Of equal importance, are appropriations for P.L. 94-142, the "Education for All Handicapped Children Act," the Developmental Disabilities Act, and the Maternal and Child Health Block Grant.

We join with the Council for Exceptional Children in their recommendations regarding the appropriations required to assure that the educational needs of our nation's handicapped children are met. Likewise, we join with the Association for Retarded Citizens in their recommendations regarding the funding needs of the Developmental Disabilities Act and the Maternal Child Health Block Grant. The Council for Exceptional Children, National Society for Autistic Children and Adults, the Association for Retarded Citizens, UCPA and other disability groups work closely together on these issues and thus we are pleased to make this joint presentation.

We regret that Committee procedures must restrict the length of our written testimony for we feel that we have unique expertise and parental/consumer

SUMMARY OF UCPA APPROPRIATION RECOMMENDATIONS

	FY 1981 Actual	FY 1982*	FY 1983 P.L. 97-35 Authorization	President's Proposed FY 1983	UCPA Request
		DEVELOPMENTAL DISABILITIES PROGRAM (in millions)			
State Grants	$42.145	$41.453	$43.183	$24.674	$43.183
Protection and Advocacy (P&A) Systems	$7.3	$7.68	$8.0	$7.3	$8.0
		VOCATIONAL REHABILITATION SERVICES (in millions)			
Basic State Grants	$854	$863	$943.9	block grant	$943.9
Independent Living	$18	$17.28	$19.4	block grant	$19.4
		NATIONAL INSTITUTE OF HANDICAPPED RESEARCH (NIHR) (in millions)			
	$30	$28.5	$35	$26	$35
		EDUCATION FOR THE HANDICAPPED (in millions)			
P.L. 94-142 State Grant Program	$874.5	$931.008	$1,017	block grant	$1,017
P.L. 94-142 Preschool Incentive grants	$25	$24	$25	block grant	$25
		MATERNAL AND CHILD HEALTH BLOCK GRANT (in millions)			
	$456.774	$347.52	$373.0	$350.0	$373.0
		TITLE XX SOCIAL SERVICES BLOCK GRANT (in billions)			
	$2.991	$2.400	$2.450	$1.974	$2.45

*As per the Continuing Resolution

experience in areas which are beyond the scope of this text. However, we have included a chart which summarizes our appropriations concerns in those other areas.

TITLE XX SOCIAL SERVICES

Title XX Social Services can provide a base which enables people in need to pursue activities in order to improve their lives. There services can be diverse, and may include free or low-cost day care for children to enable low-income parents to accept full-time employment, or counseling to assist a disabled persons in moving from an institutional setting to the community. The Title XX formula grant program stipulates that states be given broad latitude within certain legislative parameters in defining services that it will provide to state residents. Title XX services are crucial for the creation of community services as alternatives to institutionalization. Transportation, home-health services, homemaker and chore services, and counseling are a few of the potential services under Title XX which can help disabled people live in the community.

In P.L. 97-35 Congress made some major revisions in Title XX funding. State matching requirements were eliminated and services, day care set-aside, training, and administrative functions were consolidated in to what is now referred to as the Social Services mini-block grant.

In response to a January 22, 1982 letter from Representative John D. Dingell (MI), Chairman of the House Committee on Energy and Commerce, requesting information about the effects program and budget cuts have had on services and people, UCPA made a survey of 56 affiliates receiving Title XX funds. The survey (a copy of which is available through the UCPA Governmental Activities Office) illustrates the following examples:

- In Columbus, OH, as a result of a $180,000 Title XX cutback in their Handicapped Adult Day Care Program, 110 disabled adults have now been terminated from services. These adults are now isolated in their residential settings with absolutely no daily or special service care. Similarly, in Cedar Rapids, IA, and Erie, PA, their Handicapped Adult Day Care Programs were terminated as a result of reductions in Title XX funds.
- In Lexington, KY, the cutbacks in Title XX funds have resulted in severe curtailment of their training of paraprofessionals and parents in the care of their handicapped children.
- In Illinois, work by the Human Services Override Coalition, of which UCP of Illinois is an active member, convinced the Governor's Office

to restore $2.4 million in Title XX program reductions. In April 1981, Governor Thompson proposed a four year program, involving 25% annual cuts, to phase out all Title XX contracts involving donated funds. These programs will now stay operational at least through 1983.

- Since this survey, other programs have been reduced. UCP of Lackawanna County in Scranton, PA, for example, has operated with Title XX funds a life-skills training program for disabled adults, aged 18 to 63, since 1972. Fifty-percent of these clients are in wheelchairs. Their program funding has been reduced 62%. Other programs vital to handicapped people across the country have been warned to expect reductions in the near future.

Because Title XX Social Services are critical in the lives of disabled people to help them improve the quality of their lives, UCPA strongly recommends that the Committee maintain the FY 1983 Authorization under P.L. 97-35 of $2.45 billion for Title XX Social Services.

VOCATIONAL REHABILITATION

Basic State Grants

Under the Continuing Resolution for FY 1982, the vocational rehabilitation program is receiving $863 million. As the Committee is aware, the Administration is proposing a drastic reduction in this program. Under this proposal, the basic state grant program would receive $579,536 million in FY 1983. This amounts to a 33% reduction level which is contained within P.L. 97-35, the "Omnibus Budget Reconcilation Act of 1981." In addition, the Administration has targeted the vocational rehabilitation program as one of the 44 programs which would be "turned back" to the states beginning in 1984.

What effect will these reductions have on the lives of severely disabled people? Can states begin to assume total responsibility for meeting these unique and often complex vocational needs? To find the answers to these questions, we should turn to a survey which was recently done by the Council of State Administrators of Vocational Rehabilitation. CSAVR represents the administrators of the vocational rehabilitation programs across the country and thus they fully understand the needs of our nation's disabled citizens.

When asked how many persons could be served if the Administration's proposal of $579,536 became the appropriated level, in FY 1983, members of CSAVR stated that they could serve only 624,670. This would represent a 37.5% reduction from the number of persons who could be served if the authorized amount is appropriated. The question must be asked: can our nation's disabled citizens afford these reductions?

UCPA, Inc., represents the needs of severely disabled persons who often have unique vocational needs. Because of the multiple nature of these severe disabilities, persons with cerebral palsy have some times been underserved by the vocational rehabilitation system. However, on April 30, 1981, UCPA, Inc., entered into a Cooperative Agreement with the Rehabilitation Services Administration, the National Institute of Handicapped Research, and the Council of State Administrators of Vocational Rehabilitation. The purpose of the Agreement is to improve rehabilitation services which are rendered to persons with cerebral palsy. While the Cooperative Agreement is still in its infancy stages of implementation, we believe that this document will ultimately improve the quality of rehabilitation services which are rendered to persons with cerebral palsy. Perhaps the best example of cooperation between UCPA and the vocational rehabilitation system can be seen by the efforts of UCPA of New York City. This affiliate is involved in placing persons who are currently in sheltered workshop programs into competitive employment. UCPA of NYC also provides post employment services which may be needed by these clients. During the last calendar year this program placed 26 severely disabled persons into competitive employment. In fact, this program has been so successful that the New York Office of Vocational Rehabilitation has recently signed a contract with UCPA of NYC to provide these services to other severely disabled persons.

We fully believe that the vocational rehabilitation program is vital to disabled persons. It has historically been one of the most cost-effective programs which the federal government has implemented. It has a clear goal: to get disabled people employed. Because UCPA, Inc., understands what this program means to disabled persons, we recommend that the Committee fund the vocational rehabilitation state grant program at the authorized level of $943.9 in FY 1983. Further, we wish to go on record with the Committee as opposing the "turn-back" of the vocational rehabilitation program to the states. Without this program and its Federal contribution, many disabled persons will be forced on rely on the welfare system.

INDEPENDENT LIVING

"Comprehensive Services For Independent Living," Title VII of the Rehabilitation Act of 1973 as amended, provides independent living services to meet the needs of individuals "whose disabilities are so severe that they do not presently have the potential for employment but may benefit from vocational rehabilitation services which will enable them to live and function independently." UCPA, Inc., believes this program is vital to severely disabled persons, serving as a catalyst to help them achieve independence. We support full funding as authorized by P.L. 97-35.

THE NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

UCPA, Inc., is concerned with the development of rehabilitation engineering as it relates to the employment needs of the severely disabled. As we have mentioned, we have entered into a Cooperative Agreement with RSA, the National Institute of Handicapped Research, and CSAVR. The aim of this effort is to improve employment opportunities for persons with cerebral palsy. Central to the provision of employment opportunities for persons with severe disabilities is a comprehensive understanding of how the workplace can be modified. We believe that NIHR should invest in research which will enable employers to adapt their places of employment to disabled persons. Further we feel that NIHR has a responsibility to disseminate this information so that it can be put to good use. It may interest the Committee to note that our Cooperative Agreement stresses the constructive use of rehabilitation engineering as it relates to employment. UCPA endorses NIHR funding at the authorized level of $35 million for FY 1983.

STATEMENT OF THE ASSOCIATION FOR RETARDED CITIZENS

The Association for Retarded Citizens, a national organization composed of 1,600 local and state associations with approximately 200,000 members, many of whom are parents of mentally retarded children, is pleased to offer its recommendations for funding programs benefiting people with mental retardation for fiscal year 1983.

Mentally retarded people, of all ages and with varying degrees of disability, require interventions at several stages of their lives in order to maximize their potential to become independent, productive members of our society. The more severely retarded the individual is, the more services are required. Basic services such as child development, special education, vocational rehabilitation, residential placements and social and medical services are essential for many retarded people to remain within their communities. To not provide these necessary services significantly increases the possibility that such persons and their families will be left with only one option -- an unfortunate option -- that of unwarranted and costly institutionalization.

Family income, size, education, approach to life, all these considerations and more, often times have very little bearing on the ability to keep a retarded offspring at home. Daily programming, be it a special education classroom, a sheltered workshop, or a job is vital to the retarded individual and the family. The withdrawal or lack of such services places terrible burdens on the whole family, potentially causing great anguish leading to decisions which, in many instances, separates the retarded person from his family.

Our country is currently in the midst of difficult economic times. Agencies of all types serving mentally retarded citizens are under severe pressure to do more with less. Last year's federal budget cuts are just now beginning to be felt in most states. Our Association has heard from many of our members, parents of retarded children and adults, who are greatly concerned about the future of the services that their children so desperately need. Their greatest concern, of course, is what is going to happen to their child if he or she has no place to go to learn, to be trained for a job, to live, to have medical expenses paid.

One thing is very clear from what we are hearing in the states. That is, state and local governments are simply not able to make up the difference in the loss of federal funds. It doesn't seem to matter if its a block grant, more rigid eligibility requirements or simply less money flowing to the states, the level and quality of service is clearly shrinking. Anxieties are very high. The future appears even more bleak.

Upon reviewing the Administration's fiscal year 1983 budget proposals, the Association for Retarded Citizens is extremely fearful that massive losses of mental retardation programs will occur should the Congress agree to such large human services reductions. Based upon, our experience, continued reductions in federally supported programs and benefits will result in:

- more retarded children being born with the reduction and/or withdrawal of such key prevention programs as genetic screening, nutrition programs and services to pregnant women.

- more severe retardation due to the lack of appropriate stimulation and child development programs for infants, proper diets, inappropriate special education, and little or no job training.

- more institutionalization (costing more than $60,000 per year per capita in some states), leading to individual stagnation, let alone wasted public resources.

- more public dependency, creating tax burdens instead of tax payers.

It is our opinion that the key to the maintenance of these programs is clearly in the hands of the United States Congress.

The ARC recommends the Congress appropriate funds for federal programs serving mentally retarded persons at the newly established authorization levels, most of which were drastically reduced by the Reconciliation Act, are no longer "pie in the sky" targets but very realistic figures based to a large extent on fiscal year 1981 appropriations. To fund these programs at some lower figure will be devastating for most programs since they would then be funded at a level less than was available two years ago. Few, if any, programs will maintain current levels of service if the Administration's budget figures are agreed to by the Congress.

We thank you very much for exemplary and continued support in the past. We hope such support will continue this year and in the future.

DEPARTMENT OF EDUCATION

Education for the Handicapped

The Administration seeks to block grant the Education for the Handicapped State Grant program, the Pre-School Incentive program and the so-called Section 313, State Operated and Supported Schools program, currently a set-aside in the Chapter I Block Grant. In addition to block granting the programs, the Administration proposes a thirty percent reduction in funding for the three programs in fiscal year 1983. This large reduction request comes at a time when states and local school systems are very hard pressed to maintain educational services. A thirty percent loss of special education funds will clearly jeopardize many special education programs, leading to many retarded children not receiving an appropriate special education. The ARC recommends funding the Education for the Handicapped State Grant program at the fiscal year 1983 authorized level of $1.018 billion (reduced from $3.2 billion in the 1981 Reconciliation Act) and the Pre-School Incentive program at $25 million, a $1 million increase over the fiscal year 1982 level to cover additional costs. We recommend keeping the Section 313 program at least at the fiscal year 1982 level of $146.5 million.

The ARC urges this Committee to restore the approximate $10 million cut in Early Childhood Projects made last year, thus we recommend a $20 million fiscal year 1983 appropriation. We also strongly urge the Congress to restore the Special Education Personnel Development funds to its fiscal year 1981 level of $58 million.

Vocational Rehabilitation

The Administration is proposing to consolidate most of the programs contained in the Rehabilitation Act. The ARC opposes such a consolidation on the basis that it will not result in more or better services to clients in need of vocational rehabilitation services. In addition to consolidating the services, the Administration proposes a thirty percent cut in services. The ARC finds such a reduction to the major program which assists handicapped persons be trained for jobs quite foolish, particularly at a time when unemployment is so high. We simply do not understand the rationale for such reductions. Taking away disabled people's opportunity for jobs will surely lead to more dependence on other governmental benefits instead of turning them into tax paying citizens. Where is the economic gain in such a policy?

The ARC recommends the Congress fund the Vocational Rehabilitation State Grant program, Rehabilitation Training and Independent Living programs at their respective authorization levels. This would allow the programs to maintain current levels of services and possibly serve a few more clients.

The Administration also proposes to make further cuts in the National Institute of Handicapped Research. The ARC supports a small increase of $6.5 million, restoring in real dollars, the Rehabilitation Research program to its approximate fiscal year 1979 level.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Developmental Disabilities

The Administration is recommending an almost fifty percent cut in the Developmental Disabilities program. Most of the reduction would be absorbed by the Developmental Disabilities State Grant program, which is slated for a $17 million cut. The Administration is also proposing to consolidate the University Affiliated Facilities program (UAFs) and the Developmental Disabilities Special Projects with several other research programs administered by the Office of Human Development Services (OHDS). It is impossible to determine what, if any, funds will be earmarked for UAFs and Developmental Disabilities Special Projects in the fiscal year 1983 budget request. However, the ARC has learned that OHDS is planning to defund sixteen UAFs in the very near future.

The ARC recommends funding the four Developmental Disabilities programs at their fiscal year 1983 authorization levels, all of which were reduced last year. Funding the programs at their authorized levels will barely allow the programs to maintain their current levels of services.

Social Services Block Grant

Mentally retarded persons use Title XX services in many states. Many states are using Title XX to support services delivered in the community which prevents retarded people from being institutionalized. Many of the services allow retarded citizens to live in small group homes and to be productive through daily training in sheltered workshops and work activity centers.

The ARC strongly recommends the Congress fund the Title XX program at its authorized level. Such an action will probably result in lost services since the small ($50 million) increase will not make up for higher costs due to inflation. This action would, however, prevent more serious losses of vital community services for thousands of mentally retarded people.

Maternal and Child Health Block Grant

The Maternal and Child Health (MCH) Block Grant represents the federal government's primary program to prevent mental retardation. Since the block grant is so new, the ARC does not yet have data to study the impact of the block grant itself or the cuts in the various programs consolidated within the block grant. The ARC is greatly concerned with continued reductions in the prevention area since we are convinced that such cutbacks will lead to more retardation. More retarded people will mean more costs to government. This must be avoided if at all possible.

The ARC opposes the Administration's proposal to further block grant the MCH program by also adding the Women, Infants and Children (WIC) program. Such a move at the Administration's proposed budget level ($1 billion) will lead to serious cutbacks in the WIC program and intensive competition for survival for the various prevention programs within the block grant. The net effect of this proposal, in the opinion of the ARC, will be more retardation in our nation. Obviously, this greatly concerns our members. We urge the Congress not to block grant the WIC program within the MCH Block Grant. Additionally, we support funding the MCH Block Grant at the fiscal year 1983 authorized level, thereby allowing the program to maintain its current level of services. We also recommend funding the WIC program at its fiscal year 1983 authorized level.

DEPARTMENT OF LABOR

The ARC is aware that the Comprehensive Employment and Training Act (CETA) expires this year. We are currently working with the appropriate authorizing committees as they attempt to enact new legislation to replace CETA. Clearly, our nation needs some program to assist us to put a halt to our terrible unemployment problem. The ARC strongly supports the Congress' efforts to replace CETA with a program(s) to enable mentally retarded people to be trained and placed in viable jobs in industry.

Recognizing the difficulty this Committee presently has in determining the funding levels of a program(s) that doesn't exist, the ARC nonetheless urges this Committee to appropriate reasonable funds to allow the program to have a real impact on unemployment. For purposes of aiding retarded people, two vital programs are necessary. A solid state program and a specialized national program focusing on the needs of handicapped and other very vulnerable groups. We hope this Committee will see fit to fund these programs to the maximum extent possible.

SUMMARY OF ARC RECOMMENDATIONS FOR DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION PROGRAMS

(in millions of dollars)

Program	FY'82 Cont. Reso.	FY'83 Authoriz.	FY'83 Admin. Request	FY'83 ARC Recommendation
Department of Education				
Education for the Handicapped				
State Grant	$931	$1,018	$772	$1,018
Pre-School Incentive	24	25		25
State Operated Schools	146.5	1)		146.5
Early Childhood Projects	9.6	20	2)	20
Personnel Development	33.6	58	2)	58
Vocational Rehabilitation				
State Grant	$863	$943.9	$637 3)	$943.9
Training	19.2	25.5		25.5
Independent Living	17.3	19.4		19.4
N.I.H.R.	28.5	35	26.5	35
Department of Health and Human Services				
Developmental Disabilities				
State Grant	$41.5	$43.1	$24.5	$43.1
P & A Systems	7.8	8	7.4	8
UAF's	7.2	7.5	4)	7.5
Special Projects	2.4	2.5	4)	2.5
Social Services Block Grant	$2,400	$2,450	$1,974	$2,450
Maternal & Child Health Block Grant	$347.5	$373	$1,000 5)	$373
Department of Labor				
See Narrative				

Notes:

1) There is no separate authorization level for the Sec. 313, State Operated Schools. This program receives its funds through a set-aside in the Chapter I program.

2) The Early Childhood Projects and Personnel Development Programs Administration recommendations are contained in a consolidated budget request with eight (8) other EHA special project authorities.

3) The Administration requests a consolidated appropriation for most of the separate programs within the Rehabilitation Act.

4) UAF's and D.D. Special Projects are consolidated with state or other OHDS research and demonstration programs in the Administration's budget request.

[5] This significantly higher appropriation level is due to the Administration's proposal to include the WIC program in the Maternal and Child Health block grant. When current WIC and MCH programs are added together, they are funded at a significantly higher level than the $1 billion proposed by the Administration.

STATEMENT OF ELAINE KOWALL

My name is Elaine Kowall and I have traveled 3000 miles from California to represent Camberj Educational Program, a non-proffit corperation and private special education school I have created for my own children in order to provide them with an education in accordance with P.L. 94-142.

I have spent my own money to travel here to speak as child advocate for the special education children of California. Please send the fifty one million dollars already budgeted for special education in California. The Reagan administration has seen fit to break federal law and hold up this funding. There are children with disabilities right now in California who are not being educated because the federal government is breaking the law. The federal government is not only breaking federal law and California state law, in regards to these children, they are also committing a crime against humanity because to deny a child an education is to deny the future of this country. I urge the fifty one million dollars be sent to California without delay so that our law-makers are not law-breakers.

Our countries leaders are concerned about spending money more effectively. Special education money can be spent more effectively if cuts are made in the funds that go to support the administrators and bureaucrats, and the money is spent directly on the children's programs at the classroom level. Money spent on high-rise offices and high salarys for bureaucrats do not help the children.

Camberj Educational Program proves that a big budget is not neccessary for a good special education program. Camberj sub-contracts with the local school district for the education of my children. Tuition costs to the local school district were cut this year from that charged last year and will be cut again next year. Our administrators receive no pay and some transportation costs and tuition costs are the parents responsibility. Our teacher is dedicated to teaching children and does not ask for a top salary. Our single largest expence is the teacher's pay. That cost plus renting a classroom and simple operating expences add up to a small budget. Camberj Educational Program stands for highest quality at the lowest cost. Those special education administrators and proffesionals whose main interest is to make a lot of money off of children could learn something from this philosaphy.

Statement of Martin A. Adler

In 1967 Congress unanimously enacted legislation for the establishment of a national center to provide training and rehabilitation for deaf-blind citizens, a group of severely handicapped people who have often been neglected and denied service. Since 1969, federal funding was gradually increased to enable a comprehensive center for the deaf-blind to be built in 1976. Today, the Helen Keller National Center for Deaf-Blind Youths and Adults provides rehabilitative and pre-vocational services to deaf-blind persons on a national basis, funds and training for professionals, and provides research into the problems of and the technical devices necessary for the deaf-blind throughout the United States.

We are here today to discuss how decreased funding from the federal government has affected the Helen Keller National Center program and the deaf-blind through the country. In Federal FY 81 we did receive an appropriation of $3.5 million. Because of the administration's recision policies, the $3.5 million was reduced to $3.2 million. We have been able to expand programs in rehabilitation, develop the National Training Team, and establish a network of services to affiliated agencies around the country.

Our current federal allocation for Federal FY 82 is $3,136,960. This budget is less than a survival budget. It does mean we will have to cut back in degrees with most of our programs. To some extent, it will curtail the National Training Team. We will have to institute a 20% cut in our affiliation network program. It is our understanding that the Department of Education is proposing a 41% cut to agencies within the Department for Federal FY 83. The unofficial information we have is that the Helen Keller National Center will receive approximately $1,878,000. This will require us to reduce our personnel and all other costs by 52%! If that level of funding came to pass, our $8,000,000 headquarters facility would be operating at half its effectiveness, with possibly as few as 20 clients. Our regional offices would continue to operate, but our National Training Team and affiliated network services would cease to exist. The effect on deaf-blind individuals throughout the country would be demoralizing. They and their families would feel they have been completely rejected by the American government.

We are proposing a budget of $4 million to continue to serve deaf-blind individuals on our basic rehabilitation programs. We are also proposing that effective July 1, 1983, we be designated as the umbrella agency to continue to fund programs that would be rehabilitatively oriented for the rubella victims - and that an additional allocation of $11 million be allocated to Helen Keller National Center as the umbrella agency. It will be our responsibility to continue the successful programs developed by the Regional Centers for Deaf-Blind Children, utilizing their personnel. We will develop a program that will merge our successful rehabilitation systems into the educational programs for deaf-blind children, with the eventual goal of incorporating those rubella victims into a total rehabilitation delivery system when they reach 18 years of age.

We are, therefore, requesting that members of this Subcommittee approve a budget of $15 million for the Helen Keller National Center for Deaf-Blind Youths and Adults, commencing with the Federal FY 83.

My name is Martin A. Adler, M.S.W., A.C.S.W., Director of the Helen Keller National Center for Deaf-Blind Youths and Adults. I am accompanied today by Mrs. Michelle Smithdas, a former deaf-blind client at the Center, now an Assistant Instructor at our Center, who will discuss the training she received while at our facility.

The Helen Keller National Center for Deaf-Blind Youths and Adults is operated by The Industrial Home for the Blind (IHB) under an agreement signed in 1969 with the United States Department of Health, Education and Welfare. The authorization for its operation is now contained in Section 313, Title III, of the Rehabilitation Act of 1973, as amended, and funds for its operation are appropriated annually by Congress. In the agreement dated November 12, 1969, it was stated that "WHEREAS, the purpose of the Center is to demonstrate methods of providing specialized intensive services, as well as other services required to rehabilitate handicapped individuals who are both deaf and blind; to demonstrate methods of training the professional and allied personnel needed to adequately staff facilities specially designed to provide such services and training of personnel who have been or will be working with the deaf-blind; to conduct research in the problems of rehabilitating the deaf-blind, and to conduct related activities which will expand or improve the services for or help improve public understanding of the problems of the deaf-blind."

To achieve these objectives, we have developed four separate elements of service within the Helen Keller National Center.

I. REHABILITATION SERVICES

Purpose -- All individuals accepted for evaluation and rehabilitation at the Helen Keller National Center are deaf-blind and frequently multi-handicapped. The overall purpose is to provide those individuals who generally have been isolated and ignored for many years with a comprehensive evaluation and rehabilitation program consisting of a thorough understanding of that individual's current abilities and potentiality. We provide training in communication, education, daily living skills, mobility, industrial arts, prevocational activities, home and personal management, personal hygiene, speech therapy, audiological services, and complete counseling opportunities. Because our individuals are deaf-blind, without sight and sound and frequently without speech, we have no other alternative but to provide services almost on a one-to-one basis. The intensity of the intellectual and emotional effort required from staff to work with our deaf-blind trainees is demanding.

The Center has a maximum capacity at the present time of 52 trainees. Depending upon their abilities, our initial goals may be to teach deaf-blind individuals that they have names and teach them simple methods of caring for themselves out of institutions, or into boarding homes, or returning to live with their own families. Other trainees may become so skilled that they may be able to be accepted into competitive employment. One of the ten 1980 Outstanding Handicapped Federal Employees was a Helen Keller National Center graduate. Fees are provided generally by state agencies that refer the trainees. Our current fee schedule is $90 per week for room and board and $90 per week for ongoing rehabilitative experiences.

II. RESIDENCE SERVICES

Purpose -- To provide the housing and other support services necessary for the deaf-blind trainees to reside at the Helen Keller National Center and receive rehabilitation programs offered. In addition, the residence provides living quarters for workers who are receiving training in deaf-blind services at the Center, and also for residence staff. Occasionally, parents of deaf-blind individuals stay at the residence for a period of two or three days, observing the rehabilitative process. Within the residence, three apartments have been established for those trainees who are learning how to live independently.

III. RESEARCH

Purpose -- The Center is mandated to develop research in two areas: (1) aids and devices for the deaf-blind; and (2) techniques of rehabilitation for the deaf-blind.

Most deaf-blind individuals have no way of communicating with others unless they are in physical hand-to-hand contact. They cannot use the telephone or even the standard TTY. They may not have any idea when someone is at their door, when a fire alarm goes off, their telephone is ringing, or someone is attempting to break into their living quarters.

Our Research Department developed a radio unit called the Tactile Communicator that provides radio signals for deaf-blind individuals within their homes. These signals are programmed for doorbells, fire alarms, telephone and other essential lifesaving services. Our Tactile Communicator was the first instrument approved by the FCC under the newly established handicapped band. One hundred Tactile Communicators have already been manufactured and are being sold for $300 apiece. We have already received expressions of interest from the United Kingdom, Canada, and across our country with regard to more units. We plan to have them manufactured by private industry.

IV. COMMUNITY EDUCATION

The basic focus of our Community Education Department is to publicize rehabilitation and employment opportunities for deaf-blind individuals. This task is also accomplished through our nine regional offices covering the United States. Because of the expanded services of our Regional Representatives, National Training Team, and Affiliation Network System, our regional offices from March 1, 1981 through February 28, 1982 provided 1,119 services to deaf-blind individuals. When we received additional funding as part of the Federal Fiscal Year 1981 budget, we did develop, as promised, a National Training Team. This team has been fully operational, providing training to personnel in private and state agencies, as well as to parents of deaf-blind youths and adults. The demand for its skills and presence in agencies across the country is outstanding. We have also received requests from abroad to pay for our team's presence. The activities of the National Training Team have led to the establishment for the first time of a master's degree program in deaf-blindness that is now co-sponsored by Western Maryland College and Helen Keller National Center. Those additional monies also enabled us to develop an agency affiliation program that networks all of the agencies and a near common system of providing services.

Decreased funding from the federal government has imposed several restraints on program development within Helen Keller National Center. A secondary effect is now becoming clear. State vocational rehabilitation agencies are all preparing for decreased funding for their respective departments. We have already received indications from twenty-seven states that funding for clients in the rehabilitation setting is being drastically curtailed. This means that deaf-blind individuals across the country may remain isolated in state facilities or become additional burdens on their families. We must point out that the situation of not providing services for the deaf-blind existed before funding for the deaf-blind became a national effort in 1969. The loss of human dignity, as well as the loss to our country of perhaps more Helen Kellers, Richard Kinneys, and Bob Smithdases, coupled with the high cost of maintaining individuals in institutions, is far beyond what it costs at the Helen Keller National Center, where a rehabilitative end - possible employment - is in sight for the deaf-blind trainee.

For Federal FY 81, we proposed a budget of $4,689,426. We received a Federal appropriation of $3.5 million for Federal FY 81. Before we were able to utilize the $3.5 million, the Department of Education, as part of the recision process, reduced our budget to $3.2 million. Nevertheless, we have been able to expand programs in rehabilitation, develop the National Training Team, and establish a network of services to affiliated agencies around the country. The additional monies enabled us to nearly triple training programs across the country. We have expanded our educational programs, most of which have been directed toward the silent, sightless, and unhearing deaf-blind persons to excite and stimulate them to enter into programs of rehabilitation so that they can become useful taxpaying citizens.

Our current federal allocation for Federal FY 82 is $3,136,960. This budget is less than a survival budget. It will curtail the National Training Team. We will have to institute a 20% cut in our affiliation network program. It is our understanding through various rehabilitation journals and newsletters that the Department of Education is proposing for Federal FY 83, a 41% cut to agencies within the Department. The unofficial information we have is that the Helen Keller National Center will receive approximately $1,876,000. This will require us to reduce our personnel and all other costs by 52%! If that level of funding came to pass, our $8,000,000 headquarters facility would be operating at half its effectiveness, with possibly as few as 20 clients. Our regional offices would continue to operate, but our National Training Team and affiliated network services would cease to exist. The cost to operate headquarters with about 20 clients would be outrageously high. The effect on deaf-blind individuals across the country would be demoralizing and indicate to them a feeling of complete rejection by the American government. Many would find some form of shelter in state institutions or county homes. The cost to the county, to the state, to the federal government, and to human dignity will be immeasurable. We cannot provide services to our deaf-blind American citizens on a budget of less than $4 million. A budget of $4 million would only enable us to maintain on a survival level the services we have developed so far. It would not allow us to meet the demands and the rehabilitative needs of those 6,000 deaf-blind rubella children who will be entering adulthood during 1983.

The $16 million that was previously allocated to the Regional Centers for Deaf-Blind Children over the past several years is legislatively mandated to terminate on July 1, 1983. Briefly, the Regional Centers for Deaf-Blind Children operates as an umbrella system providing funding, training, consultation, and overview to all the states in the development of educational services for deaf-blind children. When the funding is eliminated, what will happen to those children? The states with decreased funding in all their educational programs will generally not be able to provide the specific services necessary for this very seriously disabled group. All that these children gained will eventually be lost!

We are proposing that, effective July 1, 1983, the Helen Keller National Center be designated as the umbrella agency to continue to fund programs that will be rehabilitation-oriented for the rubella victims. We are proposing that an additional allocation of $15 million rather than the original $16 million, be allocated to Helen Keller National Center. It will be our responsibility to continue the successful programs developed by the Regional Centers for Deaf-Blind Children, utilizing their personnel as well. We are proposing that we will develop a program that will merge our successful rehabilitation systems into the educational programs for deaf-blind children, with the eventual goal of incorporating those rubella victims into a total rehabilitation delivery system when they reach 18 years of age. We are proposing that the above concept and program will enable these children and their families to continue to receive the specialized care, concerned staff, and rehabilitative systems that will enable them to face their future with hope and pride.

We are, therefore, requesting that members of this Subcommittee approve a budget of $15 million for the Helen Keller National Center for Deaf-Blind Youths and Adults, commencing with the Federal FY 83.

REHABILITATION SERVICES AND HANDICAPPED RESEARCH PANEL

STATEMENTS OF:

JOHN L. MELVIN, M.D., PRESIDENT, NATIONAL ASSOCIATION OF REHABILITATION FACILITIES

RAYMOND A. CARROLL, PROJECT DIRECTOR, RHODE ISLAND COMPREHENSIVE REHABILITATION CENTER

ALBERT T. PIMENTEL, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF THE DEAF

DR. DAN MCALEES, PRESIDENT, NATIONAL REHABILITATION ASSOCIATION

DR. WILLIAM M. JENKINS, PRESIDENT, NATIONAL COUNCIL ON REHABILITATION EDUCATION

DR. DOIN HICKS, PRESIDENT, CONFERENCE OF EDUCATIONAL ADMINISTRATORS SERVING THE DEAF, INC.

FRANK PRIMMER, NATIONAL MULTIPLE SCLEROSIS SOCIETY

JOSEPH GALLOTTI, COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION

Senator SCHMITT. We will proceed now to our second panel. We want to thank this one for their contribution. I wish that we could have time for questions. We may submit some for the record and hope that they can be answered.

The second panel we will have this morning will comment on Rehabilitation Services and Handicapped Research. If the panel will come forward, we would appreciate it. The testimony will be from representatives of: The National Association of Rehabilitation Services; the Rhode Island Comprehensive Rehabilitation Center; the National Association of the Deaf; the National Rehabilitation Association; the National Council on Rehabilitation Education; the Conference on Educational Administrators Serving the Deaf; the Council of State Administrators of Vocational Rehabilitation; and the National Multiple Sclerosis Society.

Welcome. Please indicate if you've made arrangements for your presentations among yourselves; otherwise, we will take the witnesses in the order that I have before me.

We will probably try to control the time to 4 minutes for panelists because of the time constraints this morning. Not only are we probably going to have votes, but I will have to go to another committee meeting for a brief period of time to deal with a bill on rural housing.

Our first witness, Dr. John Melvin, of the National Association of Rehabilitation Facilities.

STATEMENT OF JOHN L. MELVIN, M.D.

Dr. MELVIN. Mr. Chairman, I am Dr. John Melvin, medical director of the Rehabilitation Center in Milwaukee, Wis., and chairman of the Department of Physical Medicine and Rehabilitation at the Medical College of Wisconsin.

I am here representing four different organizations, which I understood had pooled their time together in joint testimony: The National Association of Rehabilitation Facilities; the American Congress of Rehabilitation Medicine; the Association of Academic Physiatrists; and the American Academy of Physical Medicine and Rehabilitation. This was an effort to avoid duplication of testimony.

This group of organizations, as you can tell from their names, represents the total spectrum of rehabilitation types of services from traditional vocational rehabilitation State grant programs to social services, CETA, and rehabilitation medical programs.

The items that I will discuss specifically will be training in physical medicine and rehabilitation and related rehabilitation disciplines, rehabilitation research, support for programs in rehabilitation facilities, and Federal programs which relate to rehabilitation of disabled people other than those of the Rehabilitation Act of 1973.

Our organization recognizes that other groups will be testifying on the basic State grants of rehabilitation services and we support their positions of full funding for this program.

Regarding training and physical medicine and rehabilitation, we urge, as did a recent Senate committee which spoke on the issue, the appropriation for training in this field be expanded and that the training budget be increased to the reconciliation level of $25 million. The budget for medical specialists alone should be increased to $4 million in order to restore the program firmly to the 1978–79 level and to support an adequate number of trainees.

The medical specialty of physical medicine and rehabilitation, as represented by the American Academy of PM&R is at a turning point in its history. All of the studies indicate a critical shortage in the number of physicians in this field and progress has been made in recruiting fewer medical graduates and more domestic graduates into its training program.

However, the growth rate has remained quite small and the number of first-year residents is increasing very little. Yet, the Graduate Medical Education National Advisory Committee (GMENAC) in its recent studies showed that physical medicine rehabilitation was one of only five medical specialties which will be in a projected shortage in 1990. It found that the number of specialists in the field should increase by 100 percent, and it recommends that there should be 4,000 while there are only 1,700 at present.

In earlier studies, it also indicated the need for an increase by these proportions and no major gains have been made since those earlier studies.

In a recent 1981 report on health manpower, the Labor and Human Resources Committee found a severe shortage in this field of medicine and urged funding for training in this specialty.

Other rehabilitation disciplines needed greater numbers as well. In 1978, the Rehabilitation Act amendments directed the Rehabilitation Services Administration to develop a rehabilitation professional manpower plan. This study was completed and with regard to physical therapists, it shows a great need beyond the number of annual graduates produced. The American Physical Therapy Association shows a need for 60,000 physical therapists, which is at least 50 percent above the current supply.

My understanding was that I would be having time for the four different organizations. Does the yellow light mean that I'll be stopped at 4 minutes as well?

Senator SCHMITT. You were supposed to have them for the combined time, I believe.

Dr. MELVIN. I beg your pardon, sir?

Senator SCHMITT. It was combining the groups into 5 minutes. Please proceed. We'll give you another minute or two, but it's going to be impossible to hear all the witnesses this morning with everything else that's going on around this place.

Dr. MELVIN. With regard to rehabilitation research, the National Institute for Handicapped Research recommends that its budget be $35 million, which is only 10 percent above fiscal 1979 and, in fact, is equivalent to the levels available in 1969 and 1970.

Basically, a great deal more needs to be known about how to effectively restore maximum physical, psychological, social, and vocational functioning to people with major disabilities. There are specific projects in research which are in early stages which could be expanded if funds were available.

Basically, what has occurred is that with the restrictions that have occurred in the last couple of years, there really has been no new funds for new research projects and existing centers and continuation grants have been absorbing virtually all of the resources.

With regard to programs for rehabilitation facilities, the private, nonprofit rehabilitation facilities play a critical role in providing rehabilitation services. There are about 3,000 such facilities and they treat in excess of 400,000 people annually.

In addition to the basic State grants, there are a number of other types of categorical programs under the Rehabilitation Act which should be mentioned and which we would recommend funding for. These include construction of rehabilitation facilities, vocational training services, loan guarantees for rehabilitation facilities, comprehensive rehabilitation centers, special recreation programs, projects with industry, and independent living programs.

Some programs, such as the construction of rehabilitation facilities, facility improvement grants, and training services grants have not been funded for 2 years, even though they are vital to the development and quality of rehabilitation facilities. These facilities provide the link between the vocational rehabilitation system, where disabled people receive direct services. Without the funding that these programs could provide, newer expanded facilities will not be available to the growing number of disabled people such as those who are deinstitutionalized and who would benefit from such programs.

These programs fund projects to improve facilities in their programs and train personnel who work in these facilities.

With regard to other Federal programs, there are programs that aren't labeled as rehabilitation programs, but which directly or indirectly impact on those that require rehabilitation. And they include, as the previous panel discussed, the Education of All Handicapped Children Act, the Developmental Disabilities Act, the Alcohol, Drug Abuse, and Mental Health Block Grant, the Social Services Block Grant, and any new Federal jobs programs that might replace CETA.

Rehabilitation facilities and services can provide the transition necessary for severely disabled populations who are returned to the community from programs such as developmental disabilities. Many disabled people have benefited from dependent care, homemaker services, group home arrangements, and subsidies for sheltered work under the Social Services Block Grant, formerly titled XX. The mentally ill, those with drug abuse, and alcoholics represent other underserved populations.

The block grant could provide support in these areas, but Federal jobs training should provide opportunities for millions of disabled adults who are capable and want to work. Several programs under CETA prove that disabled people could benefit on a cost effective basis and that rehabilitation facilities could provide those services.

All of these programs are scheduled for deep cuts and we would like to see that, actually, these are attenuated and, in summary, we would like to recommend appropriation of the full amount authorized for training rehabilitation personnel, the National Institute of Handicapped Research, categorical programs in rehabilitation facilities, and other Federal programs other than those in the Rehabilitation Act.

And as you heard previously, we supported the basic Federal-State rehabilitation program.

Thank you very much.

Senator SCHMITT. Thank you, sir. I wish we had more time, but we'll move on to Mr. Raymond Carroll, project director, Rhode Island Comprehensive Rehabilitation Center.

STATEMENT OF RAYMOND A. CARROLL

Mr. CARROLL. Good morning, Senator Schmitt, members of the panel, ladies, and gentlemen. My name is Raymond A. Carroll, director of the Rhode Island Comprehensive Rehabilitation Center. I am representing the 10 model comprehensive rehabilitation centers in the Nation which are located in Arkansas, Pennsylvania, Wisconsin, Florida, Utah, Virginia, California, New Jersey, Iowa, and Rhode Island.

In the interest of time so that the whole panel will have an opportunity to speak, I will be very brief. But I wish to share with you our grave concern about an RSA discretionary vocational rehabilitation services project known as comprehensive rehabilitation centers.

I want to bring to your attention, Senator Schmitt, the curtailing of funding for the Nation's 10 model CRC's, which were initiated in October 1980, as 3-year projects. The funding problem arose during the budget Reconciliation Act last summer when no funds were authorized by the Congress for the CRC programs for fiscal year 1982. We are using authorized 1981 funds in the amount of $1.82 million for the present program year, which will conclude on September 14, 1982.

Reactions to this loss of funding has prompted the Reagan administration to request funding for CRC's as part of the proposed Special Purpose Fund in the budget for fiscal year 1983. Reinstitution of funding for fiscal year 1983 will not ameliorate the gap caused by the absence of funds for 1982.

And now, Senator Schmitt, for the major point. Unless the Congress approves an amendment to restore funding, the CRC's will be out of business on September 15 of this year. It would be like calling a ballgame after 6 innings due to sunshine.

Since the Congress inadvertently omitted funding for the CRC programs for 1982, we respectfully suggest that the Senate Appropriations Subcommittee send a special message to the Secretary of Education recommending funding for comprehensive rehabilitation centers by reallocating $2 million already in the budget for special projects and demonstrations. We have already made this request to the Department of Education.

Just very briefly, talking about the comprehensive rehabilitation center program in Rhode Island, it reflects a truly unique partnership of three distinct entities: The State vocational rehabilitation agency; the institute for rehabilitation and restoration of care at Brown University in Providence; and the Rhode Island rehabilitation network. The Rhode Island rehabilitation network is a growing group of agencies, facilities, and individuals working in harmony to improve rehabilitation services in the State.

In addition to linking rehabilitation programs and staff resources in Rhode Island by networking, the CRC is also providing direct services to the handicapped. For example, the CRC awarded grants to 11 Rhode Island agencies and associations serving the handicapped. These direct services provided new programs for the handicapped in Rhode Island in the areas of recreation, specialized resource personnel needed by handicapped persons, transportation, and legal advocacy and representation.

In summary, Senator Schmitt, all of the 10 CRC's in the country have innovatively responded to the congressional challenge to improve the coordination of comprehensive rehabilitation services for the handicapped, while filling gaps in services in their community.

The CRC programs have been very successful, but another year of funding is urgently needed to finish the job.

Thank you very much, Senator Schmitt.

Senator SCHMITT. Thank you, sir. Our next witness, Dr. Albert Pimentel?

STATEMENT OF ALBERT T. PIMENTEL

Dr. PIMENTEL. Good morning, sir. My name is Albert Pimentel. I'm the executive director of the National Association of the Deaf. I am a totally deaf person.

Mr. Chairman, I would like to summarize my comments. I have already submitted my testimony for the record. I would like to say that I have been a professional person for 24 years and this would not have been possible without the assistance of rehabilitation. I am a deaf person and product of rehabilitation training. And without that training, I, and many people like me who are deaf in America, would be dependent on the public for support, instead of contributing to the tax base in this country.

Hearing impairment, Mr. Chairman, is invisible. There are 14 million Americans with serious hearing loss. The implications in terms of handicapping affected persons for work are very deceptive. Without rehabilitation, we would not have a system for learning to communicate. And without good communication skills in this country, you are very dependent, very lost, and very much at a disadvantage in trying to sustain yourself, let alone contribute your human resources as an individual.

Deafness is categorized for rehabilitation purposes as a severe disability. Without assistance, deaf people cannot, and do not, find employment. The rehabilitation of deaf people is, comparatively speaking, very effective and the assistance rendered very lasting.

Even though deafness is a severe disability, it doesn't really take much in the way of rehabilitation services to assist deaf people in transferring them from dependent people to independent, contributing citizens.

Studies have been done. They show that it doesn't really cost a great deal of rehabilitation dollars to successfully rehabilitate deaf people. And 1 year after deaf people have been rehabilitated, we find a very high percentage of them still employed, still contributing.

So the rehabilitation of deaf people is rehabilitation dollars very well invested and very effectively used. Deaf people, want, and need to work, and rehabilitation dollars make the difference between being able to work and not being able to work.

Only 25 percent of deaf people and other hearing impaired people who are eligible for and need rehabilitation services have been receiving rehabilitation services in the last 8 years. The reason that 75 percent of the needy hearing impaired people have not been receiving rehabilitation services is because there has not been enough dollars to do the job. This is not only a loss to the country, but it places these deaf people in a dependent situation, needing public support instead of contributing to the tax base.

The general public and governmental officials tend to lump rehabilitation services with welfare. This is unfortunate, inaccurate, and very confusing. Rehabilitation is not welfare; rehabilitation is assisting people who have the potential to become independent, too. And it [illegible] unfortunate that, indeed, in the economics of the situation, rehabilitation gets confused with welfare programs. We think it is statements like, "The country cannot afford rehabilitation programs," where, in fact, the statement should be that, "The country cannot afford not to fund rehabilitation programs," because it lowers the cost, it doesn't increase the cost, when handicapped people become self-fulfilled.

The cost of not rehabilitating people with disabilities is much higher than the cost of rehabilitation dollars spent. Rehabilitation removes people from welfare and makes them effective.

Another point I want to stress is that cutbacks in rehabilitation appropriation has resulted in university training of rehabilitation professionals going forward. We have a severe problem in support for training of rehabilitation professionals in our universities. State agencies have been losing highly trained specialists because of budget cuts. And with the cuts in university training of rehabilitation professionals, there will not later be professional people available to come back and work in the rehabilitation field because we are seeing rehabilitation training dollars cut and very little training of rehabilitation professionals happens.

This means that the recouping of the program in later years will be very slow, very inefficient, and ineffective.

The last point I would like to make is that rehabilitation of handicapped persons and restoring them to work is very cost effective. It should be viewed as one economic means of dealing with the problem of a depressed economy, instead of adding to the problem but cutting rehabilitation programs and placing many individuals with complex and expensive health problems on the welfare rolls. If you have a patient who does not have any physical disabilities out of work and he's on welfare, that's one problem. When you have a handicapped person on welfare, it's a much more costly problem, because you don't only have to provide funds to sustain that handicapped person, but that handicapped person very frequently has additional health problems which, in one way or another, gets paid for by public subsistence.

If the handicapped person is employed, then he tends to take care of his own health needs. If the handicapped person is unemployed, not only does welfare have to support him in basic subsistence, but it has to take care of the health problems, too.

So it's much more costly when you have handicapped people unemployed than it is when you have, say, minorities or women unemployed. Minorities and women, of course, need to be employed, too, but when they are unemployed, then someone has to pay for their basic subsistence. When the handicapped person is unemployed, that subsistence plus the unique health needs must be funded.

I am recommending, Mr. Chairman, that the rehabilitation coalition appropriations recommendation attached to this testimony be accepted by the committee and supported. They would be dollars very well invested.

Thank you very much.

Senator SCHMITT. Thank you. Our next witness, Dr. Dan McAlees.

STATEMENT OF DR. DAN M'ALEES

Dr. MCALEES. Yes; I am Dan McAlees. I am the president of the National Rehabilitation Association. First, Mr. Chairman, I would like to express the appreciation of the National Rehabilitation Association on behalf of the many mentally handicapped, physically handicapped individuals of our Nation and their service providers for the support that you have given this program in the past.

NRA sincerely welcomes this opportunity to draw your attention to the needs and requirements for moneys to adequately fund the rehabilitation program in fiscal year 1983. Attached to our official statement that we have submitted to you and would like to be part of the official record are our recommendations as part of the coalition for appropriations for all of the programs.

We would like to, however, discuss and highlight just a few of these in the 4 minutes that I have.

Mr. Chairman, there is one request paramount to all that I will follow with, and that is the request for adequate moneys to carry out a program of basic services to all types and categories of persons with disabilities. In order to provide these services, the National Rehabilitation Association recommends the full funding for this entitlement provision, which is $943.9 million.

The Congress, I am sure, realizes that the failure to meet this modest level of funding will add to the welfare and institutionalized costs which are currently astronomical. For the most part, this burden will be borne by the Federal Government. Here, as in few areas which you will address in your overall appropriations process, I think you'll find that the need is well documented and the return to the State and Federal treasuries is well known.

In fiscal year 1981, the State agencies served approximately 1,380,000 individuals. Over 255,000 individuals were rehabilitated during fiscal year 1981, including a very high percent who were severely disabled. Unfortunately, Mr. Chairman, all of these statistics represent a decrease in services to a very vulnerable population.

Therefore, the NRA recommends to the subcommittee that basic State vocational rehabilitation services be funded in fiscal year 1983 at the full amount authorized, $943.9 million, with the full realization that this increase is still less than what is actually needed.

Next, Mr. Chairman, I would like to speak specifically of the need for adequate research and training moneys which we consider the underpinnings of any successful program. Services are the meat of our program, but research and training are the salt that preserves that meat. We added in Public Law 95–602 a dramatic dimension to research for handicapped persons, speaking specifically of the National Institute of Handicapped Research. We are, indeed, at a milestone with the National Institute of Handicapped Research and therefore, feel that an appropriation of $35 million will provide a forward step in its third year of operation.

In the area of training, Mr. Chairman, the National Rehabilitation Association truly believes that if services to handicapped persons in our public and private agencies are to continue, there must be an adequate supply of quality trained, well educated individuals. We are greatly concerned that the administration's lack of understanding of the need for providing adequate resources in this area of endeavor. Without persons trained to serve well the severely handicapped population we deal with, it will be necessary to accept lower quality rehabilitation. This, we pray, is not what you, nor this administration, wants to do.

Therefore, it is the hope of the National Rehabilitation Association that at least $25.5 million will be appropriated for rehabilitation training.

And last, Mr. Chairman, the National Rehabilitation Association recommends $19.4 million be appropriated to carry out provisions of the act with respect to comprehensive services for independent living.

In closing, let me make several observations. First, do not forget to distinguish between those programs that work and those that are questionable.

Second, let us not forget that this program is one that reduces the Federal deficit, not increases it.

And third, let us not forget that we are talking about human beings who often have no other place to go for help.

And finally, today we are able to serve only 1 in 20 who need such services, even based upon the request presented by the National Rehabilitation Association.

Rehabilitation is a program that is balanced, comprehensive, and proven to be successful. Thank you once again for giving the National Rehabilitation Association this opportunity to speak on behalf of persons with disabilities who need these services.

Senator SCHMITT. Thank you, doctor. Next, Dr. Bill Jenkins.

STATEMENT OF DR. WILLIAM M. JENKINS

Dr. JENKINS. Mr. Chairman, I am Dr. William M. Jenkins, president of the National Council on Rehabilitation Education. I am professor and chairman of the Department of Special Education and Rehabilitation at Memphis State University in Memphis, Tenn.

The National Council on Rehabilitation Education, which has a membership of 72 universities, represents hundreds of individuals who work in rehabilitation education and research. The total effort of the NCRE is committed to upgrading the quality of services rendered to handicapped persons.

I appreciate the opportunity to testify before this committee and submit our statement for the record.

Mr. Chairman, in February of this year, the Nation's Governors met in Washington to discuss many of the problems facing the States. A common theme of that conference was the importance of human capital, which the Governors agreed required health care, education and job training. The building of economic and human capital has always been the goal of vocational rehabilitation.

Senator SCHMITT. Dr. Jenkins, could I interrupt you there? I'm going to have to take a very brief recess to go try to solve the rural housing problems of the country.

Dr. JENKINS. Yes, sir.

Senator SCHMITT. And I hope I'll be back in about 10 or 15 minutes.

Dr. JENKINS. Very good.

Senator SCHMITT. So if we could recess the panel at this point, we'll be back shortly.

[A brief recess was taken.]

Senator SCHMITT. The hearing will come to order. The chairman once again apologizes for interrupting the panel. And if they would take their places once more, we will let Dr. Jenkins continue with his testimony.

Dr. JENKINS. I'm not sure where I am on the time clock.

Senator SCHMITT. I'm not sure, either. We'll give you another 4 minutes.

Dr. JENKINS. I was talking about the Governors' conference that was held in Washington earlier in the year.

A common theme of that conference was the importance of human capital, which the Governors agreed required health care education and job training. The building of economic and human capital has always been the goal of vocational rehabilitation. However, our goal is made more difficult by the fact that we strive to create economic and human capital among the handicapped and disabled citizens of our Nation.

Job preparation and placement of individuals into competitive employment is a tough enough assignment with the nonhandicapped unemployed, but when the individual has a handicap and is severely disabled, the job becomes doubly difficult.

Thus, rehabilitation personnel must have the critical skills necessary to provide qualitative rehabilitation services. Rehabilitation personnel training, by its very nature, is rigorous and lengthy because of the complexity of the rehabilitation needs of disabled persons.

The administration's proposed budget cuts will grievously affect the quality of services rendered to our Nation's handicapped. To weaken a cost-effective program like vocational rehabilitation is a poor economic idea and the taxpayers should not be asked to shoulder the cost of such a mistake.

As you are aware, the Rehabilitation Act of 1973 and its amendments require that severely disabled citizens be provided quality rehabilitation services. Adequate provision of those necessary services is dependent upon well-trained rehabilitation personnel. In the past, Congress has not only shown their concern and support for effective rehabilitation services for the Nation's handicapped, but has also recognized the need to provide for the training of those rehabilitation personnel who deliver those services.

Mr. Chairman, since fiscal year 1980, funding for rehabilitation education has dropped by 34 percent and these cuts are hitting at a time of inflated educational costs. For fiscal year 1983, proposed reductions in funding would represent a cut of 66 percent over fiscal year 1980. In the present political and economic atmosphere, it would be unrealistic to advocate total immunity from budget cuts. However, the cuts that have already taken place, not to mention the ones recommended for fiscal year 1983, will literally eat into the muscle and bone of our rehabilitation training programs.

With these cuts, we will see a steady decline in the quality of trained rehabilitation personnel and of vocational rehabilitation services to handicapped persons.

Colleges and universities train the rehabilitation professionals who assist in our Nation's economic recovery by helping the handicapped persons become workers and taxpayers instead of being dependent on welfare and other entitlement programs.

NCRE is hopeful that this committee will support our educational efforts for the future by supporting the needed appropriations for fiscal year 1983, and the amount requested is $25.5 million.

Thank you, Mr. Chairman.

Senator SCHMITT. Thank you, Dr. Jenkins. Our next witness, Dr. Doin Hicks. Did I get that right?

Dr. HICKS. That's correct.

Senator SCHMITT. Doin? How about that.

STATEMENT OF DR. DOIN HICKS

Dr. HICKS. Mr. Chairman, I appreciate the opportunity to appear before this committee. My name is Doin Hicks and I represent the Conference of Educational Administrators Serving the Deaf, an organization of schools and programs which provide educational services to hearing-impaired persons.

Additionally, I am representing the Convention of American Instructors of the Deaf, an organization of professionals in the field of deafness, including classroom teachers.

Deafness is a physical handicap, but its greatest impact on children is that it keeps them from communicating well through reading, writing, and speaking.

Accordingly, deafness presents among the most devastating of educational problems—that of acquiring a language and a system for its transmission without having had the advantage of a sense of hearing, which is the normal channel through which we acquire our language and communication systems during the early years of life.

Unfortunately for deaf people, deafness is a low incidence handicap. Its educational implications often are unknown or, at best, misunderstood. The Federal Government's role remains critical for the deaf population to receive even basic educational services. Funds provided through a block grant will not likely reach these children in proportion to their needs because there are not very many deaf children. A Federal and State partnership is necessary to provide appropriate services to deaf persons.

Congress has responded to the educational needs of deaf citizens through a variety of legislatively mandated and supported programs. Congressional oversight, similarly, has been of inestimable value in nurturing and improving these programs. We urge Congress not to abdicate this responsibility either through significant decreases in funding levels for programs which they have been responsible for initiating, or through consolidations which would destroy program identity and transfer all oversight authority to administrative units.

I wish specifically to urge your support of adequate funding levels for fiscal year 1983 for programs for the handicapped. In particular, I would like to stress the value and need for certain of these programs which are critical to the educational future of deaf persons.

In my complete testimony, I have described certain of these programs which we feel are most critical. To name a few of them would be that of the State grants program, which we would recommend maintaining at the level of $1,018 million, as has been testified to by Mr. Weintraub previously. Other programs which are critical to the deaf community include the deaf-blind centers. The Budget Reconciliation Agreement of 1982 places that program at $16 million. The regional vocational adult and postsecondary programs—the reconciliation agreement was $4 million. Media services and captioned films, which is one of the most vital programs for the deaf educational community. We urge your support in the amount of $19 million for that program. Special education personnel development at $58 million. And support of the special institutions, the American Printing House for the Blind, the Gallaudet College, and the National Technical Institute for the Deaf, at the 1982 Reconciliation Agreements.

And finally, the Title I Elementary and Secondary Education Act program, which provides support to children in schools operated by the States. Its current funding level is $152.4 million.

Mr. Chairman, I have appended to my testimony a list of these programs, as well as within the testimony, some discussion about them.

In summary, I would urge Congress to do the following four things: Maintain legislatively mandated and supported programs serving deaf persons; maintain a reasonable level of oversight to those programs; disallow block granting and consolidations which would destroy program identity and transfer oversight to administrative units; and finally, support fiscal year 1983 funding of programs at a level equal to or greater than the Reconciliation Agreement of 1982.

Thank you, Mr. Chairman.

Senator SCHMITT. Thank you. Our next witness, Mr. Joseph Gallotti. And I must say that Senator Weicker sends his regrets that he cannot be with us directly. In a letter to me, he says:

> I regret that due to other Senate business it will be impossible for me to attend Thursday's Labor-HHS Education Appropriations hearing on matters of great importance to the disabled community. Therefore, I will not have an opportunity to extend my warmest welcome to Mr. Joseph Gallotti, an excellent director of Connecticut's vocational rehabilitation program. If possible, I would appreciate you welcoming Mr. Gallotti on my behalf. I am sure that you will find his testimony informative.

Well, Mr. Gallotti, can we have your testimony? Senator Weicker is a great advocate, a very special advocate, of these areas of funding and I'm sure everybody in Connecticut is aware of it.

STATEMENT OF JOSEPH GALLOTTI

Mr. GALLOTTI. Thank you, Mr. Chairman.

I appear here on behalf of the Council of State Administrators of Vocational Rehabilitation, an association composed of all of the chief administrators of public rehabilitation agencies providing services to persons with disabilities in the 50 States and the District of Columbia, Puerto Rico, and the territories.

These agencies constitute the State partners in the State/Federal program of rehabilitation services for persons with mental and physical disabilities provided by the Rehabilitation Act of 1973. This 62-year-old program is a major resource for and the State rehabilitation agencies are the primary providers of rehabilitation services to handicapped citizens in this Nation.

Basic State grants are the lifeblood of the vocational rehabilitation program. It is this section of the act which funds the provision of vocational rehabilitation services to individuals with mental and physical disabilities. Such services include evaluation, comprehensive diagnostic services, vocational counseling, comprehensive physical restoration services, prosthetic devices, various kinds of training and training supplies, job placement, placement tools and equipment, initial stocks, and so on.

In fiscal year 1981, the $854,259,000 appropriated for basic State vocational rehabilitation was used by the State rehabilitation agencies to serve 1,380,232 disabled individuals, of which 255,881 were rehabilitated.

Despite this expenditure, there are still not sufficient funds to serve all the eligible disabled persons who have the potential and the desire to work and who need rehabilitation services to attain employment or self-sufficiency.

For the rehabilitation program to live up to not only its potential, but even to its past achievements, we urge both the Congress and the administration to support this vital program in every conceivable way. We urge the Congress to honor its legal commitment to fund this program at the entitlement level. This year, fiscal year 1982, the Congress, in the Continuing Resolution, which expires on September 30, appropriated $863.04 million for the program, an increase of a little over 1 percent from the fiscal year 1981 appropriation of $854.259 million. This slight increase in funding has not met the rate of inflation which has plagued State rehabilitation agencies in the provision of quality services to persons with disabilities.

At this point, I would like to deviate a little bit from this prepared text and make a statement with regard to the funding levels for the past 4 years.

The Continuing Resolution, which maintained the program at $817 million in fiscal 1979, $854 in 1980, $854 in 1981, and the slight increase in fiscal 1982, just does not keep up with the costs of operating State rehabilitation agencies.

In addition to that, the four Continuing Resolutions in fiscal year 1982 prevent the States from attempting to plan an efficient and effective method of expenditure, plan services with clients, so that they will benefit and reap the most benefit from these dollars.

It is essential that the programs be planned and continued so that individuals will know what they can expect and where they can go.

The loss of the social security disability insurance and the supplemental security income programs have added to what amounts to a decrease in available dollars to the States. These dollars, in excess of $120 million during this current year, have further increased the loss to the States in the buying power for rehabilitation services because disabled SSDI clients must be served. And they are, therefore, served with the basic support program moneys coming out of 110.

The council strongly urges that the committee provide appropriations for the Basic State Vocational Rehabilitation Services under section 110 of the act in the amount of $943 million for fiscal year 1983. This amount, which is the entitlement level, is desperately needed if the program is to continue services to individuals with the most severe handicaps, which, again, is a mandate of the Congress that severely disabled individuals be served first.

These are very costly expenditures and very costly services to provide.

To illustrate, in fiscal year 1981, the mean cost for services——

Senator SCHMITT. Excuse me for interrupting. How much more time will you require?

Mr. GALLOTTI. I am almost through, Senator.

Senator SCHMITT. Thank you.

Mr. GALLOTTI. The mean cost for services to severely handicapped individuals who are rehabilitated was $1,602 per person, while the mean cost for nonseverely disabled persons was $1,047 per person.

In closing, I would like to just quote Secretary Bell, in his statement on April 19 to the meeting of the Council of State Administrators of Vocational Rehabilitation, where he says, "I have never seen a program that provides more cost benefits than rehabilitation."

This is an investment, Senator, and members of the committee, in the individuals who are disabled and in their lives and in their ability to return to work. And they return these dollars many times over.

Thank you.

Senator SCHMITT. Thank you very much. Our final witness in the panel is Mr. Frank Primmer.

STATEMENT OF FRANK PRIMMER

Mr. PRIMMER. Thank you. Mine is a personal testimony representing my experience within the Multiple Sclerosis Society National Chapter Job Training program. That's a model project funded under section 311 of the Rehabilitation Act, generally called special projects.

My name is Frank Primmer. I'm 32 years old, separated, and the father of two children. Approximately 5 years ago this summer, I was diagnosed as having had multiple sclerosis. Whether due to the multiple stresses of five moves on my way from Davenport, Iowa to Washington, D.C., the home birth of my son, intensive graduate study coupled with part-time employment, two periods of extended unemployment, the deterioration and disintegration of my marriage, or just the natural course of multiple sclerosis, I experienced a variety of physical and psychological symptoms between 1977 and February 1982, when I acquired my present job.

Many of these symptoms are frequently associated with multiple sclerosis. I'll just list some of them right now. Those symptoms have included the following: Extreme fatigue; the initial complete loss of sight in one eye; periodic heaviness and numbness of all limbs, especially my right leg; regularly occurring and prolonged headaches, shooting pains in several parts of my body; bladder incontinence; extreme emotional vascillation; temporary loss of short-term memory; temporary complete loss of long-term memory; occasional dyslexia; significant deterioration of night vision and distant vision.

The Department of Health and Human Services Fellowship, which brought me to Washington in August 1980, ended in September 1981, as planned, and I began my second period of unemployment in the initial days of my separation from my wife and children. I reached the Multiple Sclerosis Society training project, again, a national model program, at that point and began the task of finding new work.

The primary objective which I sought to address at the training program was to secure a job that utilized my knowledge and experience fully, one that paid enough to meet the financial mandate of a single father of two children, and one that offered some long-term employment potential.

I had been somewhat confused and worried about the significance of multiple sclerosis toward my professional life. Sometimes I thought it was winning the battle and I might become permanently and severely disabled. Thus, my employment objective amounted to a tall order.

However, through careful study and application of relevant job search strategies, through some hard work on both my part and that of the training staff, through group sessions, role-playing, attitudinal awareness and some initial counseling at the training program office, and with the final boost of an intensive 2-day job-finding and application workshop, I found my present job.

Additionally, I am aware that in this program, during the first year of its existence, 48 percent of the participants became employed and in my class, 70 percent became employed. I know that it works.

I am convinced that acquiring my present employment played a very important role in my return to health. Moreover, getting this job made me financially stable again.

I'm grateful to the MS Society for offering me the opportunity to regain employment. I want to thank you for the opportunity to speak today, and mention that the MS Society has submitted its testimony for the record.

Senator SCHMITT. Well, thank you very much. I thank the panel for their testimony. I think it's appropriate, maybe, to say that the sympathies of the subcommittee are very strong in this area, as they are for many other of the so-called discretionary programs. Our problem has been, and unless we do something this year, will continue to be, the level of total allocation that the subcommittee receives to handle discretionary programs and the so-called entitlement programs. The entitlement program growth is obvious and I hope well known to everyone. It's been at about 10 percentage points per year. And the unfortunate victim of the growth of those programs within our very narrow bill and perspective are the discretionary programs.

That's mostly what our public witnesses are testifying on, are the discretionary programs.

We hope that this year, through the action of other committees, the authorizing committees, as well as the Finance Committee, we will see some control gained over entitlement programs, so that the general growth of Federal revenues as a result of the growth of the gross national product and incomes of Americans can be applied to these programs more vigorously than they have in the past. We will also do the best we can to adjust priorities wherever the subcommittee and the Full Committee and the Congress feel that they can be adjusted.

PREPARED STATEMENTS

We appreciate your testimony very much. It helps us establish a perspective in this very difficult task. Thank you. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF RAYMOND A. CARROLL

Mr. Chairman, members of the Subcommittee, Ladies and Gentlemen. My name is Raymond A. Carroll, and I am the Project Director of the Rhode Island Comprehensive Rehabilitation Center. I would like to thank you for allowing me to appear before your committee today. I would like to share with you some of my concerns about an RSA discretionary vocational rehabilitation service project known as Comprehensive Rehabilitation Centers (hereafter referred to as CRC).

I would like to bring to your attention the curtailment of funding for the nation's ten model CRCs (Florida, Utah, Virginia, California, New Jersey, Pennsylvania, Wisconsin, Arkansas, Iowa, and Rhode Island) which were initiated in October 1980 as three year projects. The funding problem arose during the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) when no funds were authorized by the Congress for FY 1982. Presently the ten CRCs in the nation are using appropriated FY 1981 funds in the amount of $1.82 million for the present program year which will conclude on September 14, 1982.

Reactions to this loss of funding has prompted the Reagan Administration to request $4 million for CRCs as part of the proposed Special Purpose Fund in the Budget for FY 1983. Re-institution of funding for FY 1983 will not ameliorate the gap caused by the absence of funds for FY 1982. Unless the Congress approves an amendment to restore funding the CRCs will be out of business on September 15, 1982. Years of community planning and activity will be jeopardized or lost as we try to continue the momentum of achieving improved cooperation and coordination of services in the rehabilitation and disabilities community.

The purposes of the CRC programs are to establish a focal point within a community for the coordination of the delivery of comprehensive services to handicapped persons. A Comprehensive Rehabilitation Center may be a single facility providing direct services, a group of facilities in a community coordinating its efforts to insure maximum availability and prevent gaps in service, or a community facility which coordinates services but does not itself provide direct services to handicapped persons. As you can see the CRC concept is a flexible one and each of the ten centers have implemented their programs based on community needs.

Historically, the planning, funding, and delivery of rehabilitation services in this country has been fragmented and uncoordinated. Past and recent solutions to these problems have been inadequate as evidenced by pervasive discontent by consumers and rehabilitation professionals alike. We must look to new concepts to improve management and coordination of rehabilitation programs. In our view the CRC programs are significantly improving the coordination of services by the private and public sector in the ten states in which they are located.

We believe that the Congressional intent in initiating the CRC programs was and continues to be to establish in the community a focal point for the development, delivery and coordination of comprehensive rehabilitation services. We are here today to tell you how we are achieving this important objective and to outline for you some of the benefits and services that we are providing to persons with handicaps and public and private agencies which serve the handicapped. We are confident that this kind of initiative makes such good economic sense that it should be continued.

Let us begin by examining and explaining the Rhode Island Comprehensive Rehabilitation Center.

The Rhode Island Comprehensive Rehabilitation Center reflects a truly unique partnership of three distinct entities: The State Vocational Rehabilitation Agency, the Institute for Rehabilitation and Restorative Care at Brown University, and the Rhode Island Rehabilitation Network. The Rhode Island Rehabilitation Network is a growing group of agencies, facilities, and individuals working together to improve rehabilitation services. This formal network of over 165 public and private agencies and individuals provides the Rhode Island CRC with knowledge and resources in the rehabilitation community. The Network also provides the CRC with information about unmet rehabilitation needs. This important program component enhances the realization of centralized community planning for the development and coordination of comprehensive rehabilitation services.

In addition to linking rehabilitation programs and staff resources in Rhode Island by networking, the CRC is also providing direct services to the handicapped. The CRC awarded seed grants last year to eleven R.I. agencies and associations serving the handicapped. These direct services provided new programs for the handicapped in Rhode Island in the areas of recreation, specialized resource personnel needed by handicapped persons, transportation, and legal advocacy and representation. The unique feature of the CRC grant program in Rhode Island is the active cooperative participation of the rehabilitation community. This central planning effort by the rehabilitation community embraces the spirit of Congressional intent for the CRC programs to be a focal point for the coordination of comprehensive services. Other program activities revolve around providing the community with a comprehensive and current rehabilitation information resource, technical assistance with 504, networking forums to enhance communication and develop linkages within the rehabilitation network, the elimination of service duplication through cooperative agreements, and a technical assistance resource exchange.

A functional assessment approach to disabilities developed by Carl V. Granger, M.D. of Brown University is being utilized by the Rhode Island CRC. By training a range of service providing facilities in the use of functional assessment, a common language is developed which facilitates communication between agencies and reduces duplication of effort. By utilizing a computerized data analysis system, it is possible to track client movement between facilities as well as client change over time. This client tracking helps prevent clients from "falling between the cracks" in services of the Rhode Island rehabilitation community.

All of the ten CRCs nationwide have established their programs as a community center of resources and services for handicapped persons. Moreover, to give your committee an idea of the range of innovative services by the CRCs across the country I would very briefly bring to your attention the following special examples. The Los Angeles CRC has been the catalyst for providing programs for the handicapped in the areas of transitional living, employment preparation, independent living skills and consumer advocacy training. Other initiatives include programming special educational seminars which focus the attention of the community on the capabilities of persons with disabilities. The CRC in Hot Springs, Arkansas has provided an array of new recreation services for the handicapped while meeting a community need of providing sign language classes at no charge. The New Jersey CRC in Atlantic City provides a computerized information data bank in order to quickly respond to service inquiries, while another major service revolves around the provision of transportation services for handicapped persons who cannot use public transportation.

The CRC working with the Curative Rehabilitation Center in Wisconsin has developed a network of rehabilitation service agencies enabling the public and private community to share and exchange information and resources; provides rehabilitation engineering services to help modify the work sites for the severely disabled and operates a specialized job development placement service for the handicapped.

Iowa's Comprehensive Rehabilitation Center has installed a statewide Watts line labeled DIAL (Disability Information Assistance Line) which enables any disabled person to call toll free to obtain information on service availability.

The Florida CRC is providing English language classes for disabled Hispanics, home management training, and crisis intervention counseling services.

Four CRCs have been established in Pennsylvania. They are located in community based rehabilitation facilities in Scranton, Elwyn, Elizabethtown and Pittsburg. The CRC based in the Vocational Rehabilitation Center of Allegheny County in Pittsburgh is spearheading the development of a Center for Rehabilitation Information. This program would meet the special and unique information needs required by handicapped persons in that area. Such a system provides access to existing bibliographic and national resource data bases.

The Utah CRC has initiated an employment facilitation job referral system. The purpose of this program is to assist handicapped persons in the Salt Lake County Area secure suitable employment with special emphasis on improving communication with human service agencies.

The CRC administered by the Department of Rehabilitative Services in the Commonwealth of Virginia has initiated programs in the areas of 504 technical assistance, therapeutic recreational services and developing rosters of special support personnel required by handicapped persons.

In summary all of the ten CRCs have innovatively responded to the Congressional challenge to improve the coordination of comprehensive rehabilitation services for the handicapped while filling gaps in service in their community. The CRC programs have been very successful but another year of funding is urgently needed to finish the job.

Since the availability of Federal funds for human care services is shrinking it is imperative that the public and private rehabilitation community continue the opportunity through the CRC programs to forge new linkages. These new linkages will maximize a new efficiency and effectiveness of available funds for comprehensive and coordinated, cost-efficient rehabilitation services for the handicapped in this country.

Once again we would like to express our gratitude for this opportunity to express our concerns and we would welcome any questions that you might have. Thank you.

STATEMENT OF DR. DAN MCALEES

Mr. Chairman and members of the Subcommittee, my name is Dan McAlees, President of the National Rehabilitation Association (NRA). On behalf of the Association, I submit the following statement in support of appropriations for programs authorized by the 1973 Rehabilitation Act, as amended.

I request that this statement be made a part of the official record.

First, Mr. Chairman, let me express the appreciation of the National Rehabilitation Association on behalf of the mentally and physically handicapped persons of this Nation and the service providers for the support given this program by you and other Subcommittee members for so many years.

The National Rehabilitation Association, with a membership of over 20,000 professionals and consumers, works and advocates on behalf of persons with disabilities. For well over fifty years, NRA has tried to be a strong and aggressive advocate for rehabilitation and we sincerely welcome this opportunity to draw your attention to the needs and requirements for monies to adequately fund the Rehabilitation Program in Fiscal Year 1983.

Attached to this statement is a summary of NRA's recommendations for appropriations for these programs. We would like, however, to discuss and highlight a few of these programs and appropriations recommendations.

BASIC STATE VOCATIONAL REHABILITATION SERVICES (Section 100 (b)(1))

Mr. Chairman, there is one request paramount to all that is to follow -- that is, the request for adequate monies to carry out a program of basic services to all types and categories of persons with disabilities. In order to provide these services, the National Rehabilitation Association recommends the full funding of this entitlement provision, that is $943.9 million.

This is not an enormous amount by any stretch of the imagination. While we hear, and certainly share, common concerns regarding our Nation's economy, we must not allow our country to deprive our most disadvantaged population of the bare minimum of hope these modest funds can provide. In times of troubled economics, the handicapped persons of this Nation have for too long suffered and shouldered more than their share of the burden.

Mr. Chairman, this is not a new program. Indeed, it is not a Great Society nor even a New Deal program, but one that has been tried and proven for more than 60 years. It is one of the few successful Federal programs that you as a member of this body can point to with pride. It is one of the few programs which generally has not suffered from mismanagement, fraud and abuse, as exemplified by many of our latter day programs.

State governments have met the Federal challenge and have continued to overmatch in real dollars the Federal grants. More importantly, the Congress must realize that to fail to meet this modest level of funding will add to the welfare and institutionalized costs which are currently astronomical. For the most part, this burden will be borne by the Federal government.

Mr. Chairman, good economic sense dictates that this Subcommittee fully fund this provision of Federal law. Here, as in few areas which you must address in the overall appropriations process, the need is well documented and the return to the state and Federal treasuries well known.

The Basic State Vocational Rehabilitation Program provides formula grants to the various state rehabilitation services to handicapped youths and adults. The direct services program provides for a wide and total range of services and activities necessary to render a handicapped individual employable. Services may also be provided to families of handicapped persons when such services will contribute substantially to the rehabilitation of such individuals.

Mr. Chairman, with the passage of the 1973 Rehabilitation Act and subsequent amendments, increased emphasis has been given to providing services to those individuals with the most severe handicaps. The National Rehabilitation Association enthusiastically endorses this Congressional mandate, and the state rehabilitation agencies have been doing a credible job in carrying out this emphasis. In Fiscal Year 1981, the state agencies served approximately 1,380,232. Over 255,881 individuals were rehabilitated during FY 1981, including a high percent who were severely disabled.

Unfortunately, Mr Chairman, all of these statistics represent a decrease in service to this vulnerable population. This is due, in part, to the new emphasis on serving first the severely handicapped and the lack of adequate resources. Indeed, the increased emphasis mandated by Congress on serving the severely disabled individuals has occurred without significant increases in the appropriations provided for the needed services.

It is generally recognized that it costs from 2 to 2½ times more money to rehabilitate a severely disabled person compared with the costs of rehabilitating a non-severely disabled person. Therefore, the shift in emphasis to providing services to severely disabled persons with fewer actual dollars has necessitated an adjustment by the state rehabilitation agencies in that fewer persons are being served and fewer being successfully rehabilitated for the same amount of money. Added to this cost factor are the additional expenses created by such legislation mandates as the individualized written rehabilitation plan, family services, post-employment services, and annual reviews of ineligibility. Again, the increased demands on state rehabilitation agencies has come about without significant increases in appropriations.

The NRA recommends to the Subcommittee that Basic State Vocational Rehabilitation Services be funded in Fiscal Year 1983 at the full amount authorized, $943.9 million, with the full realization that this increase is still less than actually needed.

Next, Mr. Chairman, I speak specifically of the need for adequate Research and Training monies which we consider the underpinnings of any successful program.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH (Section 201(a)(1))

Mr. Chairman, Public Law 95-602 added a dramatic dimension to research for handicapped persons, adults and youth. I speak of the authority and new beginnings of the National Institute of Handicapped Research. We are, indeed, at a milestone, and therefore, feel that an appropriation of $35 million will provide a forward step in its third full year of operation, while continuing to support the on-going work of the Rehabilitation Research and Training Centers and other exemplary projects.

TRAINING (Section 304)

Mr. Chairman, the National Rehabilitation Association truly believes that if the services to handicapped persons in our public and private agencies are to continue, there must be an adequate quality and quantity of well-educated and trained professionals. We are greatly concerned at the Administration's lack of understanding of the need for providing adequate resources for this area of endeavor. Without persons trained to serve well the severely handicapped population, it is necessary that we accept a lower quality of rehabilitation: This, we pray, is not what you nor this Administration want to do.

It is therefore the hope of the National Rehabilitation Association that at least $25.5 million will be appropriated for rehabilitation training.

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING (Section 731(a))

Last, but not least, Mr. Chairman, the National Rehabilitation Association recommends $19.4 million be appropriated to carry out the provisions of the Act with respect to the Comprehensive Services for Independent Living Programs. This Program is designed to enable severely handicapped persons who may not be eligible for vocational rehabilitation services to live more independently with their families or in the community or to secure and maintain employment, if possible.

Mr. Chairman, in closing, let me make several observations. First, let us not forget to distinguish between those programs that work and those that are questionable. Second, let us not forget that this program is one that reduces the Federal deficit, not increases it. Third, let us not forget that we are talking about human beings who often have no other place to go for help in order to help themselves become productive citizens again if the Congress forsakes them. Fourth, today we are able to serve only 1 in 20 who need such services.

This population will not riot; nor, for the most part, will they demonstrate. Nor for the most part will you hear from them by letter or other means.

They will not make demands.

But, Mr. Chairman, for those who have bothered to understand what this program is all about and what it means to handicapped persons, they have found this to be a balanced, comprehensive, and successful program. But most of all, it is an example of man's humanity toward each other.

The National Rehabilitation Association urges this Subcommittee to renew its commitment to our handicapped population who are looking to you for that support.

Thank you once again for giving us the opportunity to speak on behalf of persons with disabilities who need these services.

APPROPRIATIONS RECOMMENDATIONS OF THE REHABILITATION COALITION

PROGRAM	1981 Appropriation	1982 Recon-ciliation	1982 Con't. Resolution	1983 Admin-istration	1983 Author-ization	House Ed/ Lbr Comm.	Coalition Recommend.
		(dollars in millions)					
Vocational Rehabilitation Services	$854.259	$899.000	$863.040	$579.536	$943.900	$943.900	$943.900
American Indian Voc. Rehab. Services Projects	.650	.650	.624	Special Purposes Fund	.650	.650	.650
Client Assistance	2.800	3.500	.942	"	3.500	3.500	3.500
Nat'l Institute of Handicapped Research	29.800	35.000	28.500	26.500	35.000	35.000	35.000
Rehabilitation Training	21.700	25.500	19.200	---	25.500	25.500	25.500
Special Projects:							
Sec. 311	9.765	{12.210}	8.855	0*	{12.210}	{12.210}	{12.210}
Sec. 312	1.325		.942	0*			
Sec. 314 & 315	---	---	---	0*	---	---	---
Sec. 316	3.000	2.000	1.884	0*	2.000	2.000	2.000
Subtotal	14.090	14.210	11.681	0*	14.210	14.210	14.210
Helen Keller Nat'l. Center for Deaf-Blind	3.200	3.500	3.137	Block Grant	3.500	---	3.500
Barriers Board (ATBCB)	2.300	Such sums as may be necessary	1.900	---	Such sums as may be necessary	2.000	2.000
Projects With Industry	5.500	8.000	6.800	?	8.000	8.000	8.000
Independent Living	18.000	19.400	17.280	Block Grant	19.400	19.400	19.400
Technical Assistance	.250	.250	---	---	.250	.250	.250

---

[*] The Administration has proposed that all Service Projects, Independent Living and Training Programs administered Federally be eliminated and that these activities be consolidated into a broader grant authority included in the basic state grants.

MEMBERS OF
THE REHABILITATION COALITION

- Association for Retarded Citizens
- National Multiple Sclerosis Society
- National Easter Seals Society
- National Rehabilitation Association
- United Cerebral Palsy Associations, Inc.
- Human Resources Development Institute, AFL-CIO
- American Council of the Blind
- American Association of Workers for the Blind
- Council of State Administrators of Vocational Rehabilitation
- National Association of Rehabilitation Facilities
- Council for Exceptional Children
- National Association of the Deaf
- National Council on Rehabilitation Education
- American Foundation for the Blind
- Mental Health Association
- American Occupational Therapy Association
- National Society for Autistic Children
- American Physical Therapy Association
- National Association of Private Residential Facilities for the Mentally Retarded
- Epilepsy Foundation of America
- Goodwill Industries of America, Inc.
- National Association of State Mental Retardation Program Directors
- Congress of Rehabilitation Medicine
- Academy of Physical Medicine and Rehabilitation
- American Speech, Language, Hearing Assn.
- National Association of State Mental Health Program Directors
- National Council of State Agencies for the Blind
- American Coalition of Citizens with Disabilities

STATEMENT OF DR. WILLIAM M. JENKINS

Mr. Chairman and Members of the Subcommittee: My name is Dr. William M. Jenkins, President of the National Council on Rehabilitation Education (NCRE). I am Professor and Chairman of the Department of Special Education and Rehabilitation at Memphis State University, Memphis, Tennessee. The National Council on Rehabilitation Education, which has a membership of 72 universities, represents hundreds of individuals who work in rehabilitation education and research. The total effort of the NCRE is committed to upgrading the quality of services rendered to handicapped persons. I appreciate the opportunity to testify before this committee and submit our statement for the record.

IMPORTANCE OF REHABILITATION EDUCATION AND RESEARCH

Mr. Chairman, in February of this year the nation's governors met in Washington, D.C., to discuss many of the problems facing the states. A common theme of that conference was the importance of human capital, which the governors agreed required health care, education, and job training. The building of economic and human capital has always been the goal of vocational rehabilitation. However, our goal is made more difficult by the fact that we strive to create economic and human capital among the handicapped and disabled citizens of our nation. Job preparation and placement of individuals into competitive employment is a tough enough assignment with the non-handicapped unemployed, but when the individual has a handicap and is severely disabled the job becomes doubly difficult. Thus, rehabilitation personnel must have the critical skills necessary to provide qualitative rehabilitation services. Federal support is crucial for rehabilitation research and the pre and post training of such personnel as rehabilitation counselors, vocational evaluators, facility personnel placement specialists and paraprofessionals. Rehabilitation personnel training by its very nature is rigorous and lengthy because of the complexity of the rehabilitation needs of disabled persons. The administration-proposed budget cuts in the basic rehabilitation program in general and rehabilitation research and training in particular will have a devastating effect on services to disabled persons and on the professional education of rehabilitation personnel. These cuts will grievously effect the quality of services rendered to our nation's handicapped. To weaken a cost-effective program like vocational rehabilitation is a poor economic idea, and the taxpayer should not be asked to shoulder the cost of such a mistake. As you are aware, the Rehabilitation Act of 1973 and its amendments require that severely disabled citizens be provided quality rehabilitation services. Adequate provision of those necessary services is dependent upon well trained rehabilitation personnel. In the past Congress has not only shown their concern and support for effective rehabilitation services for the nation's handicapped, but has also recognized the need to provide for the training of rehabilitation personnel who deliver those services.

NCRE MANPOWER STUDY

Mr. Chairman, the NCRE has a number of Task Force Committees working toward the goal of enhancing the quality of education to improve the overall quality of services to handicapped citizens. One such Task Force has taken the initiative to conduct an in-depth survey related to rehabilitation education programs across this country. The study, which was accomplished through a committee Chaired by Dr. Glen Geist from the Illinois Institute of Technology, was designed to help determine where graduates of RSA-supported as well as non-federally supported long term rehabilitation education programs were being employed. Dr. Geist's study indicated that of the 175 identified programs, 105, or 61%, reported data regarding 3,389 graduates. The study showed that of these 3,000 plus graduates, 70.7% of the Bachelor's level trained personnel, approximately 90% of the Master's trained personnel and approximately 97% of the doctorate trained personnel remained in the field of rehabilitation. In other words, approximately 90% of those individuals who are trained by rehabilitation education programs remained in the field of rehabilitation. We consider this an outstanding record, indicative of the commitment of our graduates to the field of rehabilitation. A comprehensive needs assessment survey conducted by these same Task Force shows that the number of graduates each year is not keeping up with the need for personnel in the field of rehabilitation. In the current atmosphere of budget cuts, many potential students are being discouraged from selecting this field of study. If this is allowed to continue a critical shortage of highly skilled personnel will exist.

FUNDING LEVEL OF REHABILITATION EDUCATION

Mr. Chairman, since Fiscal Year 1980, funding for rehabilitation education has dropped by 34%. These cuts are hitting at a time of inflated educational cost. According to the US Department of Labor, college tuition since 1980 has risen at the rate of 12% per year. For Fiscal Year 1983 the administration-proposed budget of approximately $9 million for training to be included in a proposed consolidated pool including independent living, training and special projects represents a cut of 66% over Fiscal Year 1980. Mr. Chairman, in the present political and economic atmosphere it would be unrealistic to advocate total immunity from budget cuts; however, the cuts that have already taken place, not to mention the ones recommended for Fiscal Year 1983, will literally eat into the muscle and bone of our rehabilitation training establishment, and will effect the program for years to come. With these cuts we will see a steady decline in the quality of trained rehabilitation personnel and of vocational rehabilitation services to handicapped persons. Moreover, it is our feeling that administratively the handicapped can best be served if the Rehabilitation Services Administration and the National Institute of Handicapped Research remain in the Department of Education. Furthermore, it is our feeling that the administration's efforts to defederalize education and block fund rehabilitation programs would have a major negative impact on rehabilitation programs.

SUMMARY

Mr. Chairman, as we look toward the future with the hope of insuring that we have competent, professionally trained individuals who will deliver the many vital vocational rehabilitation services needed by our nation's disabled, it is important that we plan now for the future by training these rehabilitation professionals. Colleges and universities train the rehabilitation professionals who assist in our nation's economic recovery by helping the handicapped become workers and taxpayers instead of being dependent on welfare and other entitlement programs. NCRE is hopeful that this committee will support our educational efforts for the future by supporting the needed appropriations for Fiscal Year 1983.

STATEMENT OF DR. DOIN HICKS

Mr. Chairman, I appreciate the opportunity to appear before this committee. My name is Doin Hicks and I represent the Conference of Educational Administrators Serving the Deaf, an organization of schools and programs which provide educational services to hearing impaired persons. Additionally, I am representing the Convention of American Instructors of the Deaf, an organization of professionals in the field of deafness, including classroom teachers.

Deafness is a physical handicap, but its greatest impact on children is that it keeps them from communicating well through reading, writing and speaking. Accordingly, deafness presents among the most devastating of educational problems - that of acquiring a language and a system for its transmission without having had the advantage of the sense of hearing, WHICH is the normal channel through which we acquire our language and communication systems during the early years of life.

Unfortunately for deaf people, deafness is a low incidence handicap. Its educational implications often are unknown or, at best, misunderstood. The Federal Government's role remains critical for the deaf population to receive even basic educational services. Funds provided under a block grant will not likely reach these children in proportion to their needs because there are not very many deaf children. A Federal and State partnership is necessary to provide appropriate services to deaf persons.

Congress has responded to the educational needs of deaf citizens through a variety of legislatively mandated and supported programs. Congressional oversight similarly has been of an inestimable value in nurturing and improving these programs. We urge Congress not to abdicate this responsibility either through significant decreases in funding levels for programs which they have been responsible for initiating, or through consolidations which would destroy program identity and transfer all oversight authority to administrative units.

I wish specifically to urge your support of adequate funding levels for fiscal year 1983 for programs for the handicapped. In particular, I should like to stress the value of and need for certain of these programs which are critical to the educational future of deaf persons.

Media Services and Captioned Films
Education of All Handicapped Childrens Act (Sec. 654 (f))

Mr. Chairman, the Congress established a program to provide captioned films and related media for deaf persons. This programs has made available to deaf persons the cultural and educational benefits of film and other media. Without captioning, deaf person cannot understand what happens in educational films, for example.

The purpose of the program has broadened to include benefits to handicapped persons other than the deaf. This program has been substantially beneficial in that it provides for several million viewings by handicapped persons. Deaf persons have borne some of the cost of this service by paying for motion picture projectors, closed caption television decoders, and return postage costs to use the media. Numerous schools and programs for the deaf have participated in the cost of this program by subsidizing distribution services from 60 depository sites to all other user sites.

In addition to services for the deaf, this program has provided substantial resources to address specific needs of other handicapped persons.

The Federal role in this program is critical, especially in the captioned film area, since no single state could justify the cost of captioning of the material or acquisition of rights to distribution.

Mr. Chairman, we advocate funding of the Media Services and Captioned Films program at the level of the reconciliation agreement of 1982 which is $19,000,000.

Public Law 89-313

P.L. 89-313 provides for a percentage allocation of Title I ESEA funds to supplement the efforts of the states in providing services to state operated and supported programs for the handicapped. This funding program benefits a variety of handicapped children including approximately 30,000 severely hearing impaired students.

Mr. Chairman, the P.L. 89-313 monies have been a major source of energy for improving the education of deaf students in recipient programs. Even though the intent has been to supplement the efforts of the states, these funds have provided:

- improved parent education
- improved audiological assessment
- improved access to media/resources
- improved access to community resources
- a variety of innovative programming

As a result of provisions in P.L. 94-142 those students generating funding under P.L. 89-313 do not generate funding under P.L. 94-142. It is true that the average dollars available, per capita, under 89-313 far exceed those that would be available under 94-142.

Mr. Chairman, the discrepancy alluded to above is justified in large part by the degree of severity of handicaps of the students served by recipient schools and programs. Students served under P.L. 89-313 are, by and large, profoundly handicapped and not among those who can benefit from integrated prorams. They need extensive support services which local school districts generally are unable to provide. Any plans which would merge P.L. 89-313 and P.L. 94-142 funding would only serve to reduce the per capita dollars available to those students benefiting from P.L. 89-313.

We advocate that:

- at least $152.4 million be made available by the Congress
- efforts to block grant P.L. 89-313 with P.L. 94-142 (state grants) unless there is an earmarking protection, be avoided.

Regional, Vocational, Adult and Post Secondary Programs
Education of All Handicapped Childrens Act (Sec. 625 (c))

Historically, programs to prepare deaf students for the world of work were maintained by centralized, and usually residential Schools for the Deaf. As technological and social changes have occurred, the schools found it increasingly infeasible to provide:

a) adequate job entry level skill development

b) appropriate diversity in areas of preparation available

The Congress has for a number of years found it appropriate and needful to establish a Federal focus on postsecondary level preparation in vocational-technical areas. This has supplemented in appropriate ways the efforts of local jurisdictions to develop postsecondary programs and has permitted an appropriate definition of the role and responsibility of the secondary schools serving deaf students.

These federally supported programs at the postsecondary level provide an avenue for training those deaf students whose needs cannot be met by local programs or other existing postsecondary programs.

The Federal role here is critical since no other source of funding would assure the provision of funds to the point of service delivery.

Mr. Chairman, we advocate funding of the regional programs at the level of the reconciliation agreement of 1982 which is $4,000,000.

Special Education Personnel Development
Education of All Handicapped Childrens Act (Sec. 631, 632, and 634 (d))

Mr. Chairman, the Congress has recognized the need to provide resources to assist in the preparation of personnel who are able to educate handicapped students.

Many states cannot cost-effectively educate individuals to work with deaf children and other low-incidence populations. As a result, programs for preparation of teachers of the deaf tend to produce individuals who work in other states, and not all states have such training programs.

While there have been continuing efforts to design programs to train teachers to work with a variety of handicapped students, the number of teachers [illegible] the deaf which can be trained in a given program is somewhat limited in access to practicum sites and in supervising teachers.

Due to the above factors, the cost of training teachers of the deaf may be significantly higher than that of training teachers for other handicapped student populations.

Continued Federal support for preparation of teachers of the handicapped, including teachers of the deaf, will help assure that the costs of preparations are equitably distributed among the states and the supply of capable personnel continue to be available.

Mr. Chairman, we advocate that Congress support appropriations at the level of the reconciliation agreement of 1982 which is $58,000,000.

Mr. Chairman, the Congress has, for a generation, been the primary force for assuring adequate educational programs to benefit deaf persons. While we have chosen to focus on a limited number of areas, for the purpose of our comments, there are other programs benefiting deaf persons which should be given adequate attention and support. These include:

- Innovation and Development
- The Rehabilitation Act
- Deaf-Blind Centers
- Gallaudet College
- National Technical Institute for the Deaf

We urge your full support for these programs which benefit deaf persons and other handicapped individuals.

Mr. Chairman, again may I express my appreciation for the opportunity to appear before this Committee. I have indicated the funding areas of major concern to the members of the organization I represent. Appended to this statement is a complete list of programs and authorization levels to which this testimony is addressed.

BUDGET RECONCILIATION FIGURES

Special Education	FY 83 ($ in millions)
State Assistance:	
State grant program - Sec. 611(b)	1017.9
Preschool incentive program - Sec. 619(b)	25.0
Deaf-blind centers - Sec. 622(c)	16.0
Special Population Programs:	
Severely handicapped projects - Sec. 621 & 624(c)	5.0
Early childhood education - Sec. 623(c)	20.0
Regional, vocational, adult and postsecondary Programs - Sec. 625(c)	4.0
Innovation and development - Sec. 644(f)	20.0
Media and Resource Services:	
Media services & captioned films - Sec. 654(f)	19.0
Regional resources centers - Sec. 621(c)	9.8
Recruitment & information - Sec. 633(d) & 636	1.0
Special education personnel development - Sec. 631, 632, & 634(d)	58.0
Special studies	2.3
Special Institutions:	
American Printing House for the Blind	5.0
Gallaudet College	52.0
National Technical Institute for the Deaf	26.3
Title I ESEA (89-313)	152.4

STATEMENT OF HARRY L. HALL

The National Multiple Sclerosis Society is the voluntary organization representing several hundred thousand U.S. citizens who have multiple sclerosis and closely related neurological disorders. The Society has about 560,000 members and 130 chapters with 13 branch chapters covering the entire United States. For more than 35 years it has supported research to identify the cause and develop a cure for this disabling disease. Our chapters are deeply involved in helping individuals and their families cope with the effects of MS.

In our oral testimony we have attempted to illustrate how a sensible program of rehabilitation for individuals disabled by multiple sclerosis can succeed. Mr. Frank Primmer who presented the testimony is now employed. So are many others. The key element in his reemployment - after experiencing the disabling effects of multiple sclerosis - is a program being conducted by our National Capital Chapter for persons in parts of Maryland and Virginia as well as the District of Columbia. They are working very closely with the business community and in cooperation with the state rehabilitation agencies. It is a demonstration project partially supported by federal funds authorized by Section 311(a) of the Rehabilitation Act.

Multiple Sclerosis is often a severely disabling disease. It often exacerbates and remits; it is sometimes slowly progressive. For decades the national rehabilitation programs rejected most potential clients with MS. Within the past five years a number of research, demonstration and training projects, along with a cooperative agreement between CSA-VR, RSA and the National Multiple Sclerosis Society, have advanced the number of individuals being served as well as improved the effectiveness of the service. There is still a long way to go on both counts, but it is becoming clearer that many persons with multiple sclerosis are good prospects for successful rehabilitation. The demonstration projects, here in the Nation's Capital and one underway in Minnesota, are at the forefront of improving the techniques and processes.

No program has been more successful for persons with MS than the current National Capital Chapter program. They are showing how, with limited funds and cooperation of the business community, and with adaptions to the peculiar aspects of multiple sclerosis, they can enable persons to regain the ability to work.

Below is a chart outlining the appropriations for what is generally characterized in the Appropriations bills as "Special Projects" and a description of the Section 311 program. We recommend appropriations at the authorization level totaling $14,210,000 for FY83.

SPECIAL PROJECTS

	1981 Appro.	1982 Author.	Con't. Resol.'82	1983 Admin.	1983 Author.	Recommend.
Sec. 311	9.765	12.210	8.855	0*	12.210	12.210
Sec. 312	1.325		.942	0*		
Sec. 314 & 315	0	0	0	0*	0	0
Sec. 316	3.0	2.0	1.884	0*	2.0	2.0
TOTAL	14.090	14.210	11.681	0*	14.210	14.210

* The Administration has proposed that all Service Projects, Independent Living and Training Programs administered Federally be eliminated and that these activities be consolidated into a broader grant authority included in the basic state grants. (The total resources would be reduced by both the state grant proposed reduction and the total amount currently appropriated for the other federal programs proposed to be included.)

Section 311: Special Demonstration Programs (Often referred to as "Special Projects for the Severely Disabled" and "Spinal Cord Injury Centers")

This section provides for Special Demonstrations "which hold promise of expanding or otherwise improving services to (severely) handicapped individuals ...". In FY82 $4.762 million funded 17 regional spinal cord injury centers. Additional resources of $4.093 million were committed to demonstrate effective rehabilitation processes for severely disabled persons who are members of disability groups currently underserved. Projects by group in FY81 were: 1-Arthritis, 2-Cerebral Palsy, 1-Epilepsy, 13-General, 7-Mental Illness, 4-Mental Retardation, 2-Multiple Sclerosis, 2-Deafness, 3-Blindness, 1-Deaf-Blind, 1-Learning Disability, and 4-Hispanic. The total "311" authorization in FY82 is $9.765 million.

These demonstration projects and centers are on the cutting edge of developing and refining methods by which the vocational rehabilitation program improves its capability to successfully serve severely disabled persons.

The National Institute of Handicapped Research holds out the best prospect of improving rehabilitation programs for groups generally described as "severely disabled". While it is only in recent years that this Institute has focused any resources on the special problems of multiple sclerosis, we are encouraged by the work that is being done under Dr. Labe Scheinberg at Albert Einstein's in New York City and Dr. George Kraft at the University of Washington in Seattle. These efforts, followed by demonstrations, training and incorporation in the state rehabilitation programs, offer the federal government one of its best cost-benefit options in terms of eventually reducing federal expenditures for income maintenance and other federally supported programs. The authorization level of $35 million for FY83 should be appropriated.

The Basic State Grant program (Section 110 of the Rehabilitation Act) is the system which currently provides most of the services in the nation. In recent years it has served a smaller and smaller number of individuals because the appropriations have not kept pace with inflation. This has presented very serious problems in the effort to implement the three party national agreement that envisioned the program expanding its services to individuals with MS. Essentially, persons with MS, who, as a group, have been grossly underserved in the past by the State Agencies, are trying to obtain more services which could be provided only by significantly reducing services to individuals with other causes of disability. We support the authorization level of $943.9 million as the needed amount for the FY83 appropriation.

The Projects With Industry (PWI) Program is an outstanding example of successful innovation in the overall rehabilitation effort. It deserves funding at $8 million for FY83 and significant expansion in the "out" years.

The program of Independent Living Services (Title VII of the Rehabilitation Act), with the exception of some support for Independent Living Centers authorized by "Part B", has never been implemented as a result of failure to appropriate funds. While this is not the year we expect initial implementation of the 1978 amendments - (the authorization level would not even permit it) - it is a program which holds tremendous promise for many persons with MS who may not be able to achieve employment status but who could be helped to achieve independence in their family and community. It is unfinished business which needs to be kept in mind for future years.

The National Multiple Sclerosis Society has other recommendations to the Subcommittee which will be submitted in seperate testimony focusing on biomedical research.

STATEMENTS OF DR. JOHN L. MELVIN

My name is Dr. John L. Melvin. I am Medical Director of the Curative Rehabilitation Center in Milwaukee, WI. I am appearing before you today representing the National Association of Rehabilitation Facilities (NARF) as the National President.

NARF is a national organization of rehabilitation facilities with more than 700 institutional members. Members provide a range of comprehensive rehabilitation services to more than 300,000 handicapped people annually. These members include comprehensive rehabilitation hospitals, rehabilitation units of acute care hospitals, sheltered workshops, outpatient rehabilitation facilities and work activity centers.

Rehabilitation is the process by which an integrated program of services are provided to help a person, disabled by illness or injury, gain higher levels of function. Such services address vocational, medical and other needs. The goal of the rehabilitation process is to help people be self-supporting, by enabling them to engage in remunerative competitive employment and exist outside an institutional setting.

Community-based, non-profit rehabilitation facilities play a critical role in this process. There are now some 3,000 such facilities throughout the United States. In excess of 400,000 people are served annually in such programs. Rehabilitation facilities have expanded their focus beyond the traditional federal state vocational rehabilitation programs to meet the needs of these people.

The programs affecting the delivery of services to handicapped people are:

The Rehabilitation Act of 1973, as amended
P.L. 94-142, The Education of the Handicapped Act
The Developmental Disabilities Act
The Alcohol, Drug Abuse and Mental Health Block Grant
The Social Service Block Grant
The Comprehensive Employment and Training Act (CETA)

I. REHABILITATION ACT OF 1973, AS AMENDED

The Rehabilitation Act of 1973, as amended, embodies a comprehensive strategy to help handicapped people. The Act authorized purchases of rehabilitation services, grants to test ways of delivering services to the handicapped, training of handicapped people and programs to build, equip and modernize facilities. It also authorizes research on the special handicapped people through independent living centers.

However, the Omnibus Budget Reconciliation Act of 1981 (Reconciliation Act), P.L. 97-34, decreased overall authorizations for the Rehabilitation Act through FY 1984. The total authorized for the Act in FY 1983 is $1054 million. This figure includes an increase over FY 1981 funding for state grants but does not authorize funds for other programs central to a comprehensive rehabilitation strategy. These include facilities improvement grants, construction grants, innovation and expansion and comprehensive rehabilitation centers. The President's FY 1983 budget recommends overall funding for the Act of $663 million which is 63% of the authorized amount and represents a 30.4% reduction from the level available under the continuing resolution for FY 1982.

According to Rehabilitation Services Administration data, the purchasing power of rehabilitation agencies, in terms of deflated dollars, declined by 30% between 1975 and 1981. The number of handicapped clients served declined by 16.5% during the same period. This has been the longest period of consistent decline in the history of this 60-year old program. The service levels for 1982 are likely to show an even more precipitous decline due to the Administration decision not to advance funds for rehabilitation services to SSI and SSDI clients in FY 1982. This decision has meant a loss of some $124 million which had been available in FY 1981 to serve about 148,000 clients. Without this Social Security reimbursement for rehabilitation services, the dollars for providing service to these clients must come from the already overburdened regular state rehabilitation funds.

The budget requests $579.5 million for FY 1983 for basic state grants. This is 61% of the authorization and a 33% reduction from the continuing resolution. The FY 1983 authorization is $943.9 million and the FY 1982 appropriation under the continuing resolution is $863.04 million.

A recent survey of all state rehabilitation agencies revealed that 999,646 disabled persons could be served if the full amount authorized ($943.9 million) were appropriated. At the current level of funding, 9.4% fewer persons would be served and if the Administration's proposal of $579.5 million were adopted, only 624,670 or 37.5% fewer disabled persons would be served.

This reduction would hardly make sense for a program that has a positive cost-benefit ratio. The most recent cost-effectiveness data from the Rehabilitation Services Administration shows that in the first year after case closure, persons rehabilitated in FY 1980 are expected to pay to Federal, State and local governments an estimated $211.5 million more in income, payroll and sales taxes than they would have paid had they not been rehabilitated. In addition, another $68.9 million will be saved as a result of decreased dependency on public support payments and institutional care. In just one year, the benefits to governments will be $280.4 million. Within four years, the entire cost of rehabilitations in 1980 will be returned, and continuing benefits will accrue as former clients continue to pay taxes on their earnings rather than using taxes in the form of government assistance.

The lifetime earnings of people rehabilitated in 1980 have improved $10.40 for every $1.00 spent.

In addition to the basic state grant program under Title I and the National Institute for Handicapped Research (Title II), there are at least thirteen additional categorical programs authorized in the Rehabilitation Act of 1973, as amended. These programs include construction of rehabilitation facilities (Sec. 301), vocational training services (Sec. 302), loan guarantees for rehabilitation facilities (Sec. 303), training (Sec. 304), comprehensive rehabilitation facilities (Sec. 305), special demonstration programs (Sec. 311), migratory workers (Sec. 312), the Helen Keller Center (Sec. 313), reader services for the blind (Sec. 314), interpreter servcies for the deaf (Sec. 315), special recreational programs (Sec. 316), Projects With Industry (Title IV, Part B) and Independent Living (Title VII, Part B).

Each of these programs is administered nationally through the Rehabilitation Services Administration and is targeted at a special disability group, or has significance as a demonstration program or innovative approach, and is best carried out on a national or regional basis. Although funding has been relatively modest for these programs, their impact has been disproportionately significant. In fiscal 1981, spending totaled $76 million for these programs.

Under the Reconciliation Act of 1981, a total of $70.61 million was authorized for these programs in FY 1982 and FY 1983. Under the Continuing Resolution, valid through March 31, 1982, $67.7 million may be spent on these programs in FY 1982.

In its FY 1983 budget request, the Reagan Administration has asked for a funding level of only $43.7 million dollars. This represents a 42% drop from the FY 1981 level and a 38% reduction from the level authorized for FY 1983 under the Reconciliation Act. Such a reduction would necessarily eliminate some programs and drastically reduce the effectiveness of others. Just as disturbing as the proposed funding level is the possible consolidation of these various categorical programs into a broader grant authority to the states. HHS budget documents stated this would be done to provide additional state flexibility and simplify federal regulation and oversight. The very nature of these programs is counter to that rationale. If anything, there needs to be greater emphasis on a national and regional nature of these programs so that there will not be duplication in the states and so that the programs can serve as examples of innovative and cost effective approaches.

Some programs, such as construction of rehabilitation facilities, facilities improvement grants and training services grants have not been funded for two years, even though they are vital to the development and quality of rehabilitation facilities. Rehabilitation facilities provide that link in the vocational rehabilitation system where disabled persons receive direct services. Without the funding these programs could provide, new or expanded facilities will not be available to the growing number of disabled persons, such as the deinstitutionalized, who would benefit from the services of a rehabilitation facility. These programs also fund projects to improve facilities and their programs and train personnel who work in these facilities.

As noted earlier, NARF opposes consolidation of any of these programs. The full $70.61 million authorization should be appropriated. Three of the programs, Independent Living, Training and Projects With Industry, deserve special recognition.

Independent Living Centers

Title VII authorizes funds to states to provide services to handicapped people who do not have employment potential, but may benefit from rehabilitation services which will enable them to be independent.

The Reconciliation Act authorized $19.4 million for Part B which establishes independent living centers. These services will help those disabled people, who would otherwise have to live in an institution, maintain their personal and economic independence. For some of these poeple, services such as home care and transportation, may make the crucial difference between institutionalization and independent living and employment or lack of employment. The services are far less costly than institutionalization. In FY 1981, 148 centers were operating; the level proposed in the budget would support only about 110 centers. NARF recommends that the program not be consolidated and that it be funded at the authorized level.

Training

The training program funds projects to help increase the number of personnel trained in providing vocational rehabilitation services to disabled people. Grants are awarded in fields related to vocational rehabilitation of the physically and mentally disabled, such as rehabilitation counseling, rehabilitation medicine, physical and occupational therapy, prosthetic-orthotics, speech pathology and audiology, rehabilitation of the blind and deaf and rehabilitation facility management.

Rehabilitation personnel need more extensive and special training as more and more severely disabled and mentally ill people seek servcies. Prior to the 1973 and 1978 amendments, many of the people seeking vocational rehabilitation services could be employed and were considered easily rehabilitated, successfully closed cases. The new population seeking services present different, more complex, long term problems that place new and different demands on the people helping them. Rehabilitation personnel must be prepared to respond to these changes and require training in new skills. NARF recommends the program not be included in a special purpose fund and that it be funded at the level authorized under the Reconciliation Act of 1981 at $25.5 million.

Projects With Industry Program

The Projects With Industry Program (PWI) authorizes contracts or jointly financed cooperative agreements with employers and organizations for projects designed to prepare disabled individuals for gainful employment. Such projects provide training, employment and other services in work settings. Under PWI, the Rehabilitation Services Administration engages business, industry, labor unions and other non-profit-making organizations in employment of the handicapped.

Last year, 43 PWI projects were funded at a total cost of $5.2 million. Over 9,000 placements resulted in an average cost of $946 per placement. The retention rate of placements was over 75%. The average annual wage for PWI graduates was $9,000 - a total for the program of $78 million. The taxes paid by these people alone would offset the cost of the porgram. Each person placed and retained in competitive employment may no longer be dependent on the Rehabilitation Program for services or other public assistance programs such as Title XX, SSI or CETA, for services and income. Given its proven success, it should be expanded. NARF recommends full funding at the FY 1983 authorized amount of $8 million.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

NIHR supports research and training centers, rehabilitation engineering centers and discretionary grant research programs in order to improve rehabilitation technology and knowledge and the needs of disabled individuals.

Research centers focus on job assessment, job placement and retention of handicapped persons in employment; improved rehabilitation of individuals who have a catastrophic disability; problems of learning disabled individuals; and advancements in technological devices including their marketing. Discretionary grants focus on the dissemination of reserach findings and public education about ways of providing for the rehabilitation of handicapped individuals.

The President's request if 25% below the authorized amount of $35 million. NARF recommends funding NIHR at the fully authorized level.

II. EDUCATION FOR ALL HANDICAPPED CHILDREN ACT - P.L. 94-142

P.L. 94-142 provides funds to states to pay for the free appropriate public education of handicapped children.

State grants under the Education of the Handicapped Act were developed by Congress to initiate, expand and improve educational programs for children who are handicapped. Seventy-five percent of Public Law 94-142 funds are passed through to localities to supplement state and local dollars for direct services, procedural safeguards and in-service training for teachers of the handicapped. These state and local grants represent the basic vehicle through which the federal government maintains a partnership with the states and localities to end the educational neglect of handicapped children. Nearly four million handicapped children are receiving special education and related services under this program.

In 1982, the President proposed to include P.L. 94-142 in an educational block grant. Congress rejected this proposal. The Omnibus Budget Reconciliation Act of 1981 left P.L. 94-142 intact and authorized $1017.9 million for each of the fiscal years 1983 and 1984.

In his FY 1983 budget proposal, the President recommends that P.L. 94-142 be placed in a special education block grant. This state grant program would be funded at $771 million which is 25% of the current level of funds available for P.L. 94-142 state grants alone.

NARF recommends that P.L. 94-142 be funded at the authorized level and that it not be placed in a block grant.

III. DEVELOPMENTAL DISABILITIES ASSISTANCE AND BILL OF RIGHTS ACT

The Developmental Disabilities Services Program was initially developed to serve the more than two million persons with developmental disabilities in the United States. Persons with developmental disabilities often require specialized lifelong services to be provided by many agencies in a coordinated manner in order to meet the person's needs.

The Developmental Disabilities Program has traditionally focused on deinstitutionalization services and althernative services in the community.

The DD Act is authorized for FY 1983 under the Reconciliation Act at $43 million for the state grants, $8 million for protection and advocacy, $7.5 million for University Affiliated Facilities and $2.5 million for special projects for a total of $61 million. The Administration has requested only $31.9 million for the entire program for FY 1983.

Such a severe cutback will impair the programs' effectiveness since funding is allocated among the fifty states, plus territories. NARF recommends funding at the level authorized.

IV. SOCIAL SERVICES BLOCK GRANT

One of the block grants created by the Reconciliation Act was the Social Services Block Grant. This program was a previously separate program under the Social Security Act, commonly referred to as Title XX. It provided monies to the states for a wide range of social services primarily to welfare recipients and low income families. Many disabled persons benefitted from attendant care, homemakers services, group home arrangements and subsidies for sheltered work. One of the most significant changes from the Title XX program is the requirement for the state to match the federal money on a 25%-75% basis. This match is no longer required.

In FY 1981, the funding level was $2.9 billion, plus a state match of $725 million. The Reconciliation Act authorized the new block grant at $2.40 billion for FY 1982 and $2.45 billion for FY 1983, without any requirement for a state match. The Administration has requested only $1.974 billion for FY 1983. This represents a cutback of 20% from the authorized level. Taking into account the funding level in FY 1981, the state match and the potential that states will not be able or willing to match the federal funds, there is the potential that the FY 1983 funding level could be 54% less than FY 1981. This additional 20% cut from the authorized level would deny thousands of disabled persons their only source of social services. Without the supportive services often funded by Title XX, many of these individuals will be forced back into institutions.

Even in the relatively short time the block grant has been in effect, there has been an adverse impact on disabled persons. In a recent survey of agencies serving persons with cerebral palsy, over 34% of the surveyed agencies had experienced reductions in programs formerly funded by Title XX. Only 20% of the lost funding was made up by other public and private funding.

In Columbus, Ohio, a $110,000 cut in Title XX funds for a Handicapped Adult Services Program resulted in 110 disabled adults being terminated from the program. These adults are now isolated at home without any services.

A survey of 48 agencies serving the developmentally disabled in Indiana for the first half of FY 82 indicated that reduced funding resulted in a reduction of 134 staff positions and a subsequent removal of 310 clients from service programs. These programs were providing treatment and vocational services.

NARF recommends funding at the fully authorized level of $2.45 billion for FY 1983.

V. ALCOHOL, DRUG ABUSE AND MENTAL HEALTH BLOCK GRANT

Individuals suffering from mental illness represent one of the more poorly served sections of the disabled population. They may receive services funded under the Title XX program or through private programs. From a NARF survey conducted in 1977, 44% (34,121) of the people served in 159 reporting facilities were mentally ill. This number and percentage has increased as states have continued their deinstitutionalized programs. The DOL Sheltered Workshop Study, conducted in 1976, showed that 16%, or 42,867, people served by sheltered workshops, suffered from mental illness and that from 1973 to 1976 the number of mentally ill in workshops increased 41%.

Unfortunately, existing state and community mental health programs are not focused upon serving the mentally disabled on a long-term basis in a deinstitutionalized setting. This is one area in which adequate state or federal funds are not focused upon a comprehensive approach to serving handicapped individuals by establishing programs for creative support of rehabilitation facilities, equipment, personnel and services. The mentally ill need greater programmatic support in order to live in the most unrestricted and independent manner. Support for continued state deinstitutionalization, community mental health centers, training of mental health personnel and provision of mental health services in other settings are needed as a part of the total programs available to the handicapped.

The Omnibus Budget Reconciliation Act of 1981 created a Mental Health/Alcohol and Drug Abuse Block Grant for which appropriations are authorized at $511 million for FY 1983.

In his FY 1983 budget proposal, the President asked for $432 million, the amount available under the continuing resolution, a 16% reduction. For comparison, in FY 1981, $424 million was available under the Mental Health Systems Act alone.

NARF recommends funding at the authorized level of $511 million.

VI. THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

The Comprehensive Employment and Training Act (CETA) is due to expire September 30, 1982. CETA has been very valuable in training disabled people for jobs in the competitive labor market. NARF provided testimony to a joint meeting of the House Employment Opportunities Subcommittee and the Senate Employment and Productivity Subcommittee citing many examples of cost-effective training and placement programs for disabled persons funded by CETA.

This committee needs to be aware that if authorization levels are substantially reduced for a new federal job training program or if there are eligibility restrictions which limit the involvement of disabled persons, other programs noted above will be severely strained.

NARF urges full appropriations for any new federal jobs training program to replace CETA.

VII. SUMMARY

Mr. Chairman, I fully realize that NARF has requested appropriating the authorized amount for each of the programs we have discussed. This was not done without reason.

In each of the programs, there has been either a decrease in actual funding, flat funding or a reduction in effective program dollars due to inflation.

Other programs which have been addressed have already been cut back well below the FY 1981 levels. We are just now beginning to see the effects of the FY 1982 cuts. Any further reductions would cause severe hardships for disabled persons.

Mr. Chairman, I would be pleased to answer any questions you may have.

I. Introduction

I am testifying today on a number of programs which are included in the budgets of the Rehabilitation Services Administration (RSA) and the National Institute for Handicapped Research (NIHR).

In order to deal adequately with such a task, our time limits, and the complex issues involved, I will limit myself to two program budgets under the Rehabilitation Act. Our position on all programs in the Act is attached.

1. Training in Physical Medicine & Rehabilitation

This medical specialty represented by the AAPM&R is at a turning point in its history. All studies document a critical shortage in this field but we are making no inroads on that shortage. While fewer foreign medical graduates and more domestic graduates have entered this field, the overall growth of it is small. The number of first year residents is increasing very little. Yet, the Graduate Medical Education National Advisory Committee (GMENAC) in its major study found physical medicine and rehabilitation to be one of only 5 specialties in a shortage situation in 1990. GMENAC found that the supply of specialists in our field should increase by nearly 100%. It recommends that there be about 4000 specialists in this field and there are only about 1700 board-certified physicians in that field. The Commission on Rehabilitation Medicine had found, much earlier, that the supply should increase by closer to 200% and literally no increase has occurred since that study was done 9 years ago.

In its recent 1981 report on health manpower, the Senate Labor & Human Resources Committee chaired by Senator Hatch of Utah found a severe shortage in this field of medicine. It urged that funding of training for this specialty continue and be expanded under the Rehabilitation Act. (See p. 18, Senate Report No. 97-124.)

Training in rehabilitation medicine has reached a low point in the history of this program. In the current academic year about to end, medicine received $1.8 million. In academic year 1979-1980, and the two prior years, about $4 million was received. The total training budget was decreasing in that period from $30.5 million to $28.5 million, to $25 million. The current rescission level is about $21.6 million.

We urge, as did the Senate Committee which recently spoke on this issue, that the appropriation for training in this field be expanded and that the training budget generally be increased, at least back to the Reconciliation Act level of $25 million. The budget for medicine alone must be increased to $4 million in order to restore the program to the FY 1978-79 level and support an adequate number of trainees.

2. Other Rehabilitation Training Needs

Other fields of rehabilitation training have major needs as well. In the 1978 Rehabilitation Act Amendments, the Congress appropriately mandated that RSA develop a rehabilitation professional manpower plan in which needs in the various professional disciplines would be assessed and prioritized. The first study and plan was finished about 1 year ago. That study established there is a need for additional physical therapists beyond the number of annual graduates. The APTA itself suggests a need for about 60,000 physical therapists which is at least 50% above the current supply. The Report indicates that there will be a rapid increase in demand for occupational therapists through 1985 and this is corroborated by the Bureau of Labor Statistics (BLS). Also, vacancy rates in hospitals are among the highest for occupational therapists in Public Health Service surveys during the 1970s. The Report also establishes a shortage of speech pathologists of about 20,000, or 50% of the current supply. In prosthetics and orthotics, the shortage problem is severe and comparable to that in medicine. Data indicate a need for 3200 to 3600 and a supply of about 2000. Data for specialties such as rehabilitation nursing and psychology were not provided in this Report, but the nursing shortage in hospitals is well established, particularly large urban, inner-city hospitals. Rehabilitation nursing is a specialty which is generally associatd with large urban hospitals. Much data is available on rehabilitation counseling needs where the need is developing largely in private facilities as opposed to the public programs. A need of about 2000 additional counselors per year is currently estimated whereas the existing programs produce fewer than that amount per year. The number of employed counselors in 1978 was about 22,500 with the projected demand for 1982 being 29,000.

The RSA Plan establishes funding priorities for training which include as priority categories: medicine, prosthetics and orthotics, and counseling. These priorities are not adequately reflected in the budget relative to 1975-1980 funding levels.

The budget for training in all of the areas discussed has dwindled substantially in recent years except prosthetics and orthotics which has been about level for the past four years. With shortages and inflation, level funding is obviously no answer. As an example, funding for medicine is now less than 60% of where it was in 1967 and 40% below where it was in FY 1979 and FY 1980. Physical therapy, occupational therapy and speech are at less than 50% of their 1967 levels and their 1979-80 levels and nursing is currently 10% of where it was in 1967.

We believe strongly that a failure to continue and somewhat expand the rehabilitation training program above its current level will produce a crisis in the quality of care in rehabilitation in the near future.

The chart below shows how these programs have been reduced just between FY 1980 and FY 1982. The FY 1983 budget is 1/3 below the FY 1982 level meaning each program will likely be reduced by 1/3 below current levels.

	FY '78-79	FY '80($25M)		FY '81($21.8M)		FY '82($19 M)	Reagan FY '83($12 M)	Our Recommendation - $25 M (Back to '79-8 Levels)
		Projects	$$s	Projects	$$s			
Medicine	$4M	51	$3.2M	45	$1.7M	$2.4M		$4M
Psychology, Nursing, PT, OT, Speech	$3M	94	$3.3M	70	$1 M	$1 M		$3M
P&O	$1M	7	$1.3M	5	$.3M	$1.3M		$1.5M
	$8M	152	$7.8M	120	$3.4M	$4.7M		$8.5M

II. National Institute for Research for the Handicapped Budget

I am pleased to appear on this panel to discuss rehabilitation research and the National Institute for Handicapped Research (NIHR). We recommend an NIHR budget of $35 million, only about 10% above FY 1979 and, in fact, FY 1969 and 1970.

My point today is simply that much more needs to be known about the physical and psychological restoration of severely physically disabled individuals. While there has been much investment in and knowledge developed about the etiology of disease, such as heart disease and cancer, little investment has been made and not enough learned about methods of care and treatment which could reduce the disabling effects of disease and injury. In medical rehabilitation we are concerned with the medical means of restoring function to muscles, nerves and the physical structure generally. We deal with individuals whose disabilities are very severe initially. For example we deal with patients with quadriplegia, paraplegia, severe stroke, cerebral palsy, multiple sclerosis, brain trauma, amputations and severe arthritis and cardiac disease. Individuals will have, depending on the disability, loss of function in all or some of their four limbs, loss of speech, loss of memory, etc. Our job as physicians is to restore some of that function and to restore the individual to the highest possible level of physical, psychological, social and vocational function. Research is critical to these ends for we know all too little about the most, or for that matter, least effective therapies and treatments for these purposes.

I am going to use two examples of areas of research that have been developing but need far more emphasis to give you an idea of the great potential rehabilitation research holds for the disabled. The first area is one related to research on specific treatment techniques and the other on the more general organization and delivery of services.

First, I would like to discuss the area of nerve and muscle regeneration. Most of you will think of the area of spinal cord regeneration but, while this is an area of great interest, and is a major focus of basic research at the NIH, rehabilitation medicine is very involved in regeneration of peripheral nerves and of muscles in many areas of disability. Developing new life and function in damaged nerves and muscles is critical to the physical restorative aspects of rehabilitation. We are equally concerned with further damage to nerves and muscles of disabled people which certain forms of treatment and therapy may cause. Various methods are currently in use to regenerate nerves and muscles including electrical stimulation, exercise, drug treatment and heat and light treatment. Many advances have been made in stimulating nerve development and in exercise as a restorative measure for heart patients. However, there are issues as to "dosage" levels in any therapy and much more must be learned to determine, for example, when exercise levels may cause damage to important muscles or nerves in disabled individuals. A good example of the risk of treatments is in bracing for those with high level paralysis which can cause severe damage to the phrenic nerve and breathing capacity.

The economic value of this kind of research is very significant. Finding the appropriate means to regenerate peripheral nerves or muscles so as to restore function in limbs, or speech for example, has tremendous economic value to society for it will render the individual more independent socially and vocationally.

A second area of research I would like to discuss is related to the organization and delivery of systems of care for specialized disabilities. Based on research done in a number of rehabilitation research centers on the care of the spinal cord injured, it was determined that a number of factors were critical to long-term quality care. First, rehabilitative medical care had to begin within a few weeks at least of the injury. Second, it should be integrated with acute care such as neuro-surgery. Third, early psychological and vocational counseling and services were important. Finally, it was established that most medical care did not provide for an integrated approach to assure the timely application of acute care and rehaiblitative medical care and social and vocational services. As a result, demonstrations were begun with organized systems of care shaped to the needs of the spinal cord injured. Originally, ten demonstration, model care systems were created to test in application these findings. Sixteen demonstration systems now exist with a national data center. The findings are extraordinary. These systems of care save over a very short period of time close to $100,000 per case just in medical care needed. In addition, the savings over time based on a return to work and lowered or terminated income support payments are equally great.

These systems of care for the spinal cord injured are no longer research ventures. While some research is needed on methods to refine and improve the system, it is generally accepted that it works. The frontier for research is now in other areas of catastrophic injury and disability where similar approaches could work. These areas include head trauma and burn trauma. Research to determine the best methods of care and how a system of multi-discipline care can be organized to rehabilitate such individuals is long overdue.

ATTACHMENT NO. 1
SUMMARY OF BUDGET POSITIONS ON THE REHABILITATION ACT

MEDICAL REHABILITATION ORGANIZATION'S POSITIONS ON REHABILITATION ACT & IT'S BUDGET

1. The Act should be retained as is, and as Congress reaffirmed it last year, without any consolidation of programs or "block granting."
2. The Budget for programs in this year is reduced compared to 1981 and should be reduced no further.
3. For 1983, the Budget should reflect the full funding of the amounts established in the Act during 1981.

They are as follows:

Rehabilitation Services:	FY 1983 - These are the Full Amounts Provided For in the 1981 Reconciliation
Basic State Grants	$943 Million
Service Projects	$31.2 Million
Independent Living	$19.4 Million
Training	$25.5 Million
National Council on the Handicapped	$ .250 Million
National Institute for Handicapped Research	$35 Million
Other - Indian Tribes, etc.	$2 Million
	$1056.3

STATEMENT OF ALBERT T. PIMENTEL

My name is Albert T. Pimentel. I am the Executive Director of the National Association of the Deaf. The National Association of the Deaf is a private, non-profit federation of 49 State Associations of the Deaf, the District of Columbia and the Virgin Islands. We were established in 1880 and have been in continuous existence for 102 years. Our Association represents the interests of 14 million Americans with hearing impairments, of which two million have profound hearing loss to the extent that they are classified as deaf persons. Our national headquarters is in Silver Spring, Maryland. We operate a Branch Office in Indianapolis, Indiana and a Rehabilitation Center in Boston, Massachusetts.

The NAD publishes a national magazine and a newspaper. Also, through other public information activities, we keep our constituents informed on progress, programs and issues of interest to them. We also operate a book publishing business focused on books of interest to parents of hearing impaired children, deaf citizens, and professionals in the field of deafness, speech and hearing.

Hearing impairment is invisible. You cannot see that I am, in fact, a deaf person with absolutely no residual hearing. Appearances are deceiving. The disability of serious hearing loss can have devastating consequences on the individual. Without specialized education and vocational counseling and training, most deaf persons would become seriously handicapped, unable to function in society and a welfare burden throughout their lives.

Fortunately, data from the State/Federal Rehabilitation Program show that deaf persons are excellent candidates for rehabilitation services. Rehabilitation data indicate that eight out of ten deaf vocational rehabilitation clients served are successfully rehabilitated and continue to be gainfully employed one year after their cases have been closed. This is an excellent performance with a disability group that is correctly classified in the severe disability category. Others have done the arithmetic that clearly demonstrates that dollars invested in rehabilitation yield quick and lasting benefits in the form of people with disabilities at work paying taxes instead of drawing welfare checks.

Because deafness, while a severe disability, is easily rehabilitated for employment purposes, the rehabilitation investment in deaf people is proportionately great in its yield. Yet, I regret to say that while the Congress has in the past been quite supportive of rehabilitation programs, we have never had the luxury in this country of rehabilitating all of the people who could benefit from training and vocational placement services. For deaf people we have information that indicates that in the best years only 25% of potentially eligible deaf persons were receiving rehabilitation services. This means that a least 75% of the deaf population is either unemployed or underemployed in marginal kinds of jobs that do not motivate people to think in terms of permanently striving to live as self-sustaining, tax-paying citizens. It is really both a loss in terms of human dignity and human production, and in support of the commonweal through tax payments. Because the problem is so easily and readily corrected through the expertise of rehabilitation professionals, it becomes quite frustrating to see the matter go unremedied. As a deaf person and as the executive director of the National Association of the Deaf, I can vouch for the deep anger and frustration that many deaf Americans feel. Deaf Americans are very able to work and want to work, but too many are not getting the rehabilitation assistance needed to make this possible.

The enormity of the false economic statements that the country cannot support rehabilitation baffles the mind. Rehabilitation of deaf people and of most other disabilities is excellent business. The lumping of rehabilitation programs with general welfare programs is grossly incorrect and reflects ignorance. It is especially frustrating that most Americans, including people in government, who need to know and should know that rehabilitation should be viewed as one of the several important methods of resolution of economic problems because it decreases governmental expenses when people with disabilities are maintained in the work force. The cost of not rehabilitating handicapped persons is enormous. A country in economic trouble cannot afford the cost of not rehabilitating people who have potential to work. It is much more expensive to have a handicapped person unemployed than an able bodied American unemployed. The unemployed handicapped person has unique health and other services for which governments on different levels end up paying. If the handicapped person is employed he takes care of these expenses himself. In contrast, the unemployed person who is not handicapped mostly need only basic economic subsistence. By this comparison I am not suggesting that choices be made, rather I am attempting to correct the widely prevalent error that government cannot afford adequate rehabilitation services. Economically, it is so clear to us who have studied and analyzed the economics of rehabilitation that government really has no choice. Rehabilitation is, in fact, economically speaking, a great business.

Currently, State agencies have been eliminating professional personnel due to decreased funding. This is a most worrisome trend because we have had decreases in the Federal support of professional training programs at the university level. Should funding be cut further and restored at some later date, we will not have the skilled rehabilitation professionals available to rehire to make rehabilitation work. We have serious shortages now of rehabilitation counselors for deaf people, of interpreters for deaf people and other specialized personnel that rehabilitation manpower training has previously supported at a higher level. After sixty years of experience in learning how to cost-effectively rehabilitate handicapped Americans, it would be foolhardy to turn our backs on a program that has been so successful.

Mr. Chairman, we are requesting full support of rehabilitation funding in the amount of $1,055,910,000, as recommended by the Rehabilitation Coalition consisting of 28 national agencies, of which the National Association of the Deaf is a member. The budget of this Coalition is appended as part of this testimony. The full funding request parallels closely the recommendation of the House Education and Labor Committee. We ask your support of this recommendation. It is a responsible recommendation, and would be a wise human and economic investment for our country.

Thank you.

STATEMENT OF THE COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION

The Council of State Administrators of Vocational Rehabilitation is an association composed of all of the chief administrators of the public rehabilitation agencies providing services to persons with disabilities in the fifty states, the District of Columbia, Guam, Puerto Rico, the Trust Territory of the Pacific Islands, the Commonwealth of the Northern Marianas, and the Virgin Islands. These agencies constitute the state partners in the State-Federal Program of Rehabilitation Services for persons with mental and physical disabilities provided by the Rehabilitation Act of 1973, P.L. 93-112, as amended. This 62 year-old program is a major resource for, and the state rehabilitation agencies are the primary providers of, rehabilitation services to handicapped citizens in this Nation.

The Rehabilitation Act is the most complete and well-balanced legislation in the human services field. In one Act, provisions are included for a comprehensive and individually-tailored program of services to physically and mentally handicapped individuals; an innovation and expansion program; a training program; a research program; a special projects program; a rehabilitation facility program; an employment program; and a comprehensive services program for independent living. This balanced emphasis embodies the elements necessary for a successful rehabilitation program to be provided through a nationwide network of public and private service providers.

It is--bar none--the most cost effective government program in our nation's history.

BASIC STATE GRANTS: VOCATIONAL REHABILITATION SERVICES (Section 110)

FY 1983 Authorization	$943,900,000
FY 1983 CSAVR Recommendation	$943,900,000

Basic State Grants are the lifeblood of the Vocational Rehabilitation Program. It is this section of the Act which funds the provision of vocational rehabilitation services to individuals with mental and physical disabilities.

These Federal dollars, matched with state money at a ratio of 80% to 20%, permit a State Rehabilitation Agency to provide, or contract with private agencies and organizations to provide individualized, comprehensive services for the purpose of rendering "employable" eligible, handicapped persons. Such services include evaluation; comprehensive diagnostic services; counseling; comprehensive physical restoration services; prosthetic devices; various kinds of training and training supplies; placement; placement tools and equipment; initial stocks; transportation; post-employment services; placement follow-up; and any other service needed to rehabilitate an individual into employment.

The people served by the program include people with heart conditions, blind persons, deaf persons, amputees, persons with mental disabilities, diabetics, mentally retarded persons, or persons who have many other chronic, disabling conditions incurred through accident, illness, or birth.

Funds from this Section are also utilized to provide rehabilitation services for persons with disabilities in Rehabilitation Facilities. The most recent statistics available are from Fiscal Year 1979, and show that over 34 percent of Basic State Grant monies went to provide services and support in facilities, and to encourage both public and private non-profit facilities across the country. In addition, 5 percent of Basic State Grant monies was used for the establishment and construction of facilities. In Fiscal Year 1979, that figure was approximately $32 million.

In Fiscal Year 1981, the $854,259,000 appropriated for Basic State Vocational Rehabilitation was used by State Rehabilitation Agencies to serve 1,380,232 disabled individuals, of which 255,881 were rehabilitated. Despite this expenditure, there still are not sufficient funds to serve all those eligible, disabled persons who have the potential and desire to work and who need rehabilitation services to attain employment or self-sufficiency. Alarmingly enough, our best estimate is that State Rehabilitation Agencies were only able (based on the

FY 1981 appropriation of $854,259,000) to serve one out of every twenty people who were eligible for such services.

For the Rehabilitation Program to live up to, not only its potential, but even to its past achievements, we urge both the Congress and the Administration to support this vital program in every conceivable way.

We urge the Congress to honor its legal commitment to fund this program at the "entitlement" level. This year the Congress, in a Continuing Resolution, which expires September 30, appropriated $863.04 million for this Program, an increase of little over 1 percent from the FY 1981 appropriation of $854.259 million. This small increase in funding has not met the rate of inflation that has plagued State Rehabilitation Agencies in the provision of quality services to persons with disabilities. The Reagan Administration's Budget for FY 1983 recommends the funding of Basic State Grants at only $579.536 million. . . a drastic cut of 32.8 percent.

The Council strongly urges that the Committee provide appropriations for Basic State Vocational Rehabilitation Services under Section 110 of the Act in the amount of $943,900,000, for Fiscal Year 1983. This amount, the entitlement level, is desperately needed if the program is to continue services to individuals with the most severe handicaps. Nevertheless, even this will not allow the proper fulfillment of the mandates of the Act.

State Rehabilitation Agencies, in carrying out the mandate of the Act to give priority of service to the rehabilitation of the severely handicapped, are finding that the costs--in terms of time, effort, and money--of serving this group are great--much greater than the cost of rehabilitating the less severely disabled. This means that the program is serving fewer people, while expending more money for adequate services, adequately trained staff, adequate equipment, and adequate facilities. To illustrate, in FY 1981, the mean cost for services to severely handicapped individuals who were rehabilitated was $1,602 per person, while the mean cost for non-severely handicapped persons was $1,047 per person. It is 53 percent more costly to rehabilitate a severely handicapped person.

In these times of spiraling costs and budgetary restraints, it is important to remember that human lives and quality services are what we are actually talking about when discussing appropriations. The justification for higher funding levels stems from the purpose for which the money is spent--the prevention of an incalculable waste of human potential--a purpose on which no price tag can be placed. Whether the cost is hundreds of millions or hundreds of thousands of dollars, there is no other human service program where funds are spent in such a cost-effective fashion to help people to live more self-sufficient and productive lives.

Vocational Rehabilitation has continually more than paid for itself by helping handicapped people increase their earning capacity; or by freeing some other family member to work; or by decreasing the amount of welfare payments, health services, and social services they might need, and by assisting them to become taxpayers.

Essential, of course, to the continuance of a successful program is a well-funded program of comprehensive and individualized direct services to help handicapped persons become employable. The Congress must continue to view the funds appropriated for Basic State Grants as being a sound investment of the public's money.

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING (Section 731(a) Part B))

FY 1983 Authorization	$19,400,000
FY 1983 CSAVR Recommendation	$19,400,000

Title VII of P.L. 95-602 established a state grant program to provide Comprehensive Services for Independent Living designed to meet the current and future needs of individuals with disabilities so severe that they do not presently have the potential for employment but may benefit from rehabilitation services which will enable them to live and function independently.

Part B of Title VII creates Centers for Independent Living. These Centers offer such independent living services to severely disabled persons as counseling and referral with respect to attendant care; independent living skills counseling and training; housing and transportation referral and assistance; and peer counseling.

There are presently 132 Independent Living Centers in operation throughout the country. These Centers are either operated by State Rehabilitation Agencies or by private, non-profit organizations within the states. The CSAVR request for the funding level of $19.4 million for FY 1983, for Part B, will allow such Centers to provide these crucial services to severely disabled persons.

RESEARCH (Section 201 (a)(1))

FY 1983 Authorization	$35,000,000
FY 1983 CSAVR Recommendation	$35,000,000

The Rehabilitation Act Amendments of 1978 established a National Institute of Handicapped Research, now in the Department of Education.

The Council's request of $35 million for Fiscal Year 1983 is clearly justified by the numerous new research authorities included in the Act, as well as the need to continue to support, and expand, the Rehabilitation Research and Training Centers; the Research and Demonstration Projects; and the Bioengineering Centers. The Rehabilitation Research and Training Centers are supported at approximately $15.8 million now, and there are some 26 Centers. Many of these have not even had a cost-of-living increase in the past few years.

TRAINING GRANTS (Section 304(e))

FY 1983 Authorization $25,500,000
FY 1983 CSAVR Recommendation $25,500,000

This is a time when staff competency should be strengthened to deal with new authorities in the Act, and with the increased numbers of severely disabled people that the program is serving. The specialized rehabilitation professions, such as those in areas of counseling, work evaluation, rehabilitation medicine, rehabilitation nursing, and rehabilitation facility administration, do not have long histories and, in fact, are the creations of the training programs under the Rehabilitation Act. The Council believes that these programs should continue to receive support, so that progress may continue to be made in upgrading the quality of professional services to the handicapped and to develop and support new professions which are developing with respect to providing services to severely handicapped people.

The most critical training problem now facing State Rehabilitation Agencies is the need to upgrade the skills of rehabilitation personnel currently employed by the Agencies. With new technologies that have been developed, and that are being developed, and the new competencies required of State Rehabilitation Agency staff in the provision of quality rehabilitation services to persons with disabilities, there is a serious need for priority to be placed on In-Service Training Funds for the State Rehabilitation Agencies.

Since these training programs are critical to the field of Rehabilitation, and since they receive no major support from any other source, the CSAVR recommends that $25.5 million be appropriated under Section 304(e) for Fiscal Year 1983.

COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION RECOMMENDATIONS FOR APPROPRIATIONS FOR REHABILITATION SERVICES FOR FISCAL YEAR 1983

ITEM	APPROPRIATIONS FY 1982	AUTHORIZATIONS FY 1983	CSAVR RECOMMENDATIONS FY 1983
BASIC STATE REHABILITATION SERVICES			
Section 100(b)(1)	$854,971,425	$939,804,390	$939,804,390
Section 110(b)(2)	8,068,575	4,095,610	4,095,610
COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING			
Section 711(a)	17,280,000	19,400,000	19,400,000
NATIONAL INSTITUTE OF HANDICAPPED RESEARCH			
Section 201(a)(1)	28,560,000	35,000,000	35,000,000
REHABILITATION TRAINING			
Section 304(e)	19,200,000	25,500,000	25,500,000

VOCATIONAL AND ADULT EDUCATION PANEL

STATEMENTS OF:

DR. GENE BOTTOMS, EXECUTIVE DIRECTOR, AMERICAN VOCATIONAL ASSOCIATION

DR. ROBERT E. TAYLOR, EXECUTIVE DIRECTOR, NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION, OHIO STATE UNIVERSITY

JUDITH KOLOSKI, CHAIRPERSON, LEGISLATIVE COMMITTEE, NATIONAL ASSOCIATION FOR PUBLIC CONTINUING AND ADULT EDUCATION

DR. RICHARD REMBOLD, BALTIMORE'S INTERNATIONAL CULINARY ARTS INSTITUTE

Senator SCHMITT. Our next panel is the Vocational and Adult Education Public Witness Panel. If they would come forward, the subcommittee will hear testimony from: The American Vocational Association; the National Center for Research in Vocational Education; the National Association for Public Continuing and Adult Education; and Baltimore's International Culinary Arts Institute.

Your prepared statements will be printed in their entirety in the record, without objection.

I don't know whether you've made any arrangements among yourselves for testimony. If not, I will take you in order.

STATEMENT OF DR. GENE BOTTOMS

Dr. BOTTOMS. Thank you, Mr. Chairman. I am Gene Bottoms of the American Vocational Association. I would simply like to summarize my prepared statement.

The administration has argued that the proposed cuts in vocational education would have only limited impact.

If you would turn to chart 1 in my written testimony, you will find some 27 States there and the effect that the cuts have already had. Based on the cuts last year, some 1,995 programs have been eliminated in those States, 837 leadership positions, 3,488 teachers, and 291,000 fewer students to be served.

When you project these kinds of trends across all States, you would see a further impact.

Then if you look at chart 2, these are suggested impacts that States have suggested if the additional cuts proposed by the administration were to go into effect. The total number of programs to be eliminated is 4,050, 1,345 leadership positions, 6,896 teachers, and 671,000 students.

From these States, you have roughly a 10-percent reduction in the number of students to be served. If one projects that to all States, you will be looking at a reduction of close to 1½ million students.

I think that these are more than marginal cuts. It seems to us that the cuts will not only result in the loss of momentum, but, in fact, will result in some major reductions in program quality. For example, about 70 percent of the money that goes to provide the extra services required to serve many disadvantaged and handicapped students in vocational education comes from Federal dollars. That will be severely cut back.

Second, the gap between our curriculum and our instructional equipment and the workplace requirements will continue to widen.

If you will look at chart 3, you will find a survey that we made of some 225 institutions. You will find, if you look at the second column across, horizontally, the different vocational areas, that's between 40 and 50 percent of the instructional equipment that we have is 10 years old. If you look at that third horizontal column, you will find that approximately 25 percent of the instructional equipment that we now use is obsolete.

Then if you look at chart 4, the next chart on the following page from those same institutions, if you look at the second vertical column, you will find out just how little these 225 institutions, most of which are postsecondary and specialized vocational high schools, have in the way of high technology equipment, instructional equipment, where we have a major growth in job opportunities in this Nation.

The cuts will mean that we will not be able to develop new programs in the high technology areas. We are not going to be able to expand programs in areas of skill shortages, nor upgrade existing programs that are being severely impacted by technological changes in the workplace.

If you look at chart 5, we pulled out 43 occupations in chart 5 from the defense series of projections on skilled occupations that will be impacted by the growth in defense expenditure between now and 1987. We also have the projections for the domestic economy as well. But there are 43 occupations in which we already have a shortage of skilled people. Their projections suggest that the defense area and the domestic area will require 10 million, roughly 10 million new workers in these skilled areas over the next 4 years.

It seems to me that the consequences of failing to make vocational and technical education a priority means that the growing mismatch we have between people in jobs today is going to widen, that the skill endowment of our work force will continue to go down, and our capacity, both in technological innovations and in technological applications, is going to be severely hindered.

The administration bases its arguments on the notion that the Federal Government only puts up $1 dollar out of every $11 for vocational education. The NIE study recently reported that approximately 20 percent of the money going into secondary vocational education comes from a variety of sources of Federal funds and approximately 40 percent of the dollars at the postsecondary level are Federal support.

In addition, the administration makes the argument that the States will make up the difference. Now we've been following States' contributions to vocational education for well over a decade. Between 1972 and 1979, the States did not increase in real dollars their investment in vocational education per pupil.

Shortly, the National Center for Educational Statistics will release information that will show an actual decline in State investment in this program in the years 1980 and 1981. We feel that one of the signals being sent by the cutback is a further emphasis that a Nation that has an economic recovery program underway, defense build-up, that a skilled work force is not really needed.

I'd like to just share two additional bits of information. The Bureau of International Labor Affairs reported that one of the things they felt affected our international trade was that since the early seventies, we have dropped from second to seventh in the skill endowment of our work force when compared to other Nations, and from first to seventh in the percentage of skilled workers in our population.

Senator, I would just request that as you and your committee sort through the priorities, that we have to give some focus to human capital development as well as capital formation. We would like for you to consider an appropriation in the neighborhood of $800 million for this bill. We would like to see the increase focus basically on areas of skill shortages, developing programs in high technology, and upgrading existing programs that have been impacted by high technology.

Thank you for giving us this opportunity.

Senator SCHMITT. Thank you very much. Our next witness, Dr. Robert E. Taylor.

STATEMENT OF DR. ROBERT E. TAYLOR

Dr. TAYLOR. Chairman Schmitt, I want to express my appreciation for this opportunity to testify on behalf of vocational education in general and, more specifically, the National Center for Research in Vocational Education, located at Ohio State University, and which is a creation of Congress.

Let me also say that we're immensely pleased that Secretary of Education Bell has recently appointed to our National Advisory Council, Wilma Ludwig, the distinguished State director for vocational education, from your home State.

As you well know, one of the most significant dimensions of the current vocational education legislation is the authorization for program improvement. Many believe that that is perhaps the most appropriate Federal role, of trying to contribute to the improvement in quality and the relevance of vocational programs through the set-aside for programs of national significance.

The major components of this set-aside are the National Research Center, the National and State Occupational Information Coordinating

Committees, the training and development programs for vocational education personnel, and other efforts that are funded under the Secretary's discretionary grant.

The National Center, which is now in its fifth year, is the most comprehensive program improvement element funded under this category and it serves all of the occupational areas, in secondary, postsecondary, and adult, and it relates to all of the States and most communities.

Our several functions are that of: Applied research and development; information for national planning and policy; leadership development and training; evaluation activities; clearinghouse and information services; and dissemination.

We believe that, collectively, the programs of national significance provides for unique leverage for improving and strengthening vocational education and are the most effective strategy for fulfilling congressional intent and carrying out the Federal role.

They are cost effective. They eliminate duplicate costs and accelerate program improvement, and relate to all States and communities.

It is impossible to share with you in the time available the accomplishments and activities of the National Center. Let me just say that we have released 125 publications last year, many of them dealing with linking with business, industry and labor, educational equity, high technology, improving vocational education in corrections, vocational education's role in national defense, and in many others.

Through our outreach activities, we conducted 109 national workshops and conferences last year for 4,000 State and local leaders from all States and territories.

We were actively engaged in research and development activities in 35 States.

We serviced over 49,000 information requests.

And we distributed approximately three-quarters of a million research, development, evaluation, and information reports.

We work closely with the State research board, national units, and the curriculum centers and in the coming year, we'll be expanding our efforts in high technology, in economic development and revitalization.

Further, we are working in applications of computer-assisted design, both in the technology area and in the instructional areas as well.

I would just also like to point out that, increasingly, our services, our publications, our technological know-how, if you please, are being sought out by other employment and training groups, such as CETA, Job Corps, private industry, apprenticeship programs, and the private trade and technical schools. So we're getting a secondary and third level benefit out of these research and development investments.

I do want to call your attention, however, to what I think is an almost unprecedented action by the State directors of vocational education who are responsible for administering the State programs. Last September 24, they passed a resolution recommending to the Congress that $1 million be transferred from the basic State grants to programs of national significance and added to the budget of the center to restore its level of services to the reconciliation level of $5.5 million.

This resolution is attached to my testimony and also has the endorsement and support of the American Vocational Association.

Another indication of the support and acceptance of our services and activities is that as the various interest groups have prepared their legislative positions with respect to the reauthorization of vocational education, they have provided for the continuance of the National Center. The draft bill of the Department of Education, the American Vocational Association, the University Council for Vocational Education, the American Vocational Education Research Association, the National Association of State Directors, the President's National Advisory Council, and large city directors.

So, in concluding, I would just like to urge that the resolution passed by the State directors, those that are responsible for delivering on vocational programs in consort with local districts, be seriously examined and that it would be our hope and desire that the committee would see fit to honor this request and transfer the needed funds to restore the level of funding to the reconciliation level of $5.5 million.

Thank you.

Senator SCHMITT. Thank you, sir. The next witness, Mrs. Judith Koloski.

STATEMENT OF JUDITH KOLOSKI

Mrs. KOLOSKI. Thank you, Chairman Schmitt. It is my pleasure to be here today in front of your committee.

I am Judith Koloski, legislative chairperson of NAPCAE, better known as the National Association for Public Continuing and Adult Education. I am very proud to be here to testify before you today in support of full funding for the Adult Education Act for 1983.

On a day-to-day basis, I am employed professionally as a chief administrator for adult and community education programs for the State of Maryland. However, it is in my NAPCAE role today that I am here in front of you. NAPCAE represents the thousands of adult educators in the country who are responsible for administering development and serving disadvantaged adults in our country. NAPCAE has three major affiliations nationally: The National Council of State Directors, of which I am a member; the National Council of Urban Directors of Adult Education, and its NAPCAE affiliates, the people who I have been asked to represent on our needs and concerns to you this morning.

My statement deals primarily with the funding of the Adult Education Act in fiscal year 1983. The Adult Education Act focuses on a targeted population of people 16 years of age and over, not enrolled in a school, and who lack basic competencies to function in our society, or who lack a high school diploma.

This population in our country is made up of more than 53 million adults who do not have a high school diploma, 21 million who lack basic competence to function in our society. We keep hearing terminology and thoughts about economic recovery, increased productivity, the need to get our work force back to work and to make them supportive of the economy in our country. We have 53 million adults in our country who lack the basic passport to a decent job—that is, a high school diploma. We have a long way to go before we can begin down the road towards economic recovery. I sincerely believe that the Adult Education Act is one of the vehicles that we can help move people toward that position.

Until last year, the story of the Adult Education Act had been one of slow, solid, but steady increases in funding and in impact. Since it was first passed in 1966, it has been consistently amended and expanded. In 1978, the amendments added to a great deal of support for the community-based delivery of adult education programs, and it also put a major emphasis on those people in our country who are least educated and most in need.

Chairman Schmitt, you might be interested in knowing that—and this is an aside—I got involved in the adult education program because I began training and teaching a 46-year-old American Indian from New Mexico to read and write. The man had never written his name in his life and I was one of the people very fortunate enough to have worked with him. So it impacts people all over the country. I had to just throw that in.

In the past years, we have focused our efforts on those people who are the least educated and most in need, those people who function really below a zero to four level. Experience has taught us that these people are the hardest to reach. You can't have a class of 40 people, 30 people, even 20 people—it's very hard to do—when you have a group of people whose reading level may be from a zero to fifth or sixth grade reading level.

Every evaluation of the Adult Education Act has shown it to be a leading force in providing for basic literacy training and skill development for adults in our country. I would like to take this opportunity to share some statistics with you from a 1980 report.

Two million adults were served with a total funding of $100 million in 1980. More than 71,000 of these were employed as a result of participation in that program. More than 20,000 of them were removed from public assistance rolls, with a savings to the taxpayer of $47 million. We project that the income earned by adults who became employed as a result of that program, using the standard wage, the minimum wage level, was $477 million. Thirty-five thousand adults completed high school diplomas as a result of that program. Forty-five percent of the participants are blacks and Hispanics and, as you well know, with the great increasing role of immigrants and refugees in our country—in my own State of Maryland, more than one-fifth of the people we serve through our adult basic education program, with no additional funding, have been the foreign language population.

Women make up one-half the enrollment since 1968, more than 58 percent of the total number of people being served.

The statistics I've just quoted to you are attached in my statement as part of the NAPCAE almanac.

As you are aware, the adult education program is one of the few education programs that is advanced funded. In 1980, it reached its high water mark when the total appropriation was $122.6 million. In 1981, with the rigid budget cuts, the level was reduced to $100 million. But the State grant program, which is the heart of the program, remained funded and received all those funds at $100 million.

The impact of the 1982 budget cuts, which reduced our funding from $100 million to $86.4 million, will not be felt until the next fiscal year because our program year begins in July 1982. However, we estimate right now that approximately 30 percent of the people who are now being served by the program will be denied access to the program. Once again, I must refer to my own State of Maryland, where we have waiting lists and we have had to close down programs because even though we are funded at the same level in 1980 and 1981, with inflation, that was a significant decrease in funding levels for the program.

We know that the administration is working very diligently to reduce expenditures and strengthen our economy and yet, we feel very strongly that human resources, as Gene Bottoms has already alluded to in his testimony, are a major impact on the productivity and improvement in our economy.

In addition to the concerns about lack of funding, there is another issue which is of great concern to us as adult educators in the State and that is the proposed blocking of adult and vocational education. While it's not within the purview of this committee, I would like to just take a minute to reveal some of the reasons that we are wholeheartedly opposed to——

Senator SCHMITT. Please take no more than that because there are a lot of people who have been waiting for a long time.

Mrs. KOLOSKI. All right, I'm sorry. OK, fine. The main reason is that the Adult Education Act is a program to deal with literacy. It is not a skills training program. People must be literate to participate in a skills training program. Skills training may be one of the avenues that they will have, but it is not the only avenue.

Let me then just briefly conclude with two recommendations that I would like to make. The Adult Education Act should be funded at the level of $100 million in fiscal year 1983. This is the same level at which it was funded in fiscal year 1981. We would like more, but that is the highest level which we're permitted under the Reconciliation Act.

And my second recommendation is that we remain as categorical legislation.

We appreciate the opportunity to testify in front of you. It is the disadvantaged adults in the country who will benefit by your decision.

Thank you.

Senator SCHMITT. Thank you very much. And finally, for this panel, Dr. J. Richard Rembold.

STATEMENT OF DR. RICHARD REMBOLD

Dr. REMBOLD. Mr. Chairman, I welcome the opportunity to appear before you today to discuss the fiscal 1983 budget request with adult education on behalf of Baltimore's International Culinary Arts Institute.

Prior to summarizing our testimony, which has been submitted for the record, I wish to extend greetings from Mayor William Donald Schaefer, Mr. Roger Helinsky, the executive director of the Institute, and the citizens of Baltimore, who are deeply interested in the progress and eventual outcomes of the budget hearings currently being conducted.

Economist Alfred Marshall said, "The most valuable of all capital is that invested in human beings." In the traditional understanding of the economics of education, expenditure for educational processes is conceived as investment, the return of which forms intellectual capital. For the human capital context, the payoff can accrue both to the individual and to society.

It is obvious that this Nation cannot afford to have 10 million people unemployed, nor can it neglect the vocational training and social needs of its citizens. To this end, vocational educators must begin to incorporate the means for deriving more than economic benefits from their programs. Closer working arrangements with human resources development agencies are essential. It is both political and economic sense to utilize the substantial relationships which exist between manpower agencies and adult and vocational training institutions.

To provide funding to enhance a continuum of services would not only allow for the desired consolidation efforts in adult and vocational education, but provide a functional framework to address the training and educational concerns expressed by employers.

Marcia Freedman's analysis of the future job market and its training needs points out that firms rely heavily on postsecondary training for new employees in entry-level jobs. She specifically notes that skilled training for assembly line, stock, and food service workers, which require limited training for entry, account for more than one-third of total employment in the United States, an important consideration when determining vocational education expenditures.

Coupled with Edith Lynton's recent examination of employer hiring practices, we may find that in the future, entry to jobs will likely depend less on narrow skill training and more on access to the system, basic literacy, and computational skills.

In 1981, according to the Cahners Bureau of Food Service Research, the food service industry had: Sales of $130 billion; employed over 8 million people; and continued to increase at a rate of 10 percent annually.

With these developments, the industry has an increasing shortage of qualified personnel to fill entry-level and skilled positions. The overall annual job demand in the food service industry exceeds one-quarter of a million jobs. There are over 86,000 skilled openings available each year, with nearly one-half, or 40,000, of the positions remaining unfilled, primarily due to the lack of trained, skilled personnel.

Baltimore's International Culinary Arts Institute and similar institutions are attempting to supply the market with the skilled labor it requires. However, unless alternative and cooperative funding arrangements can be developed to increase the availability of training to meet the labor demands of the food service industry, we will continue to underutilize a ready labor market and established training organization. By failing to invest sufficient funds to provide training in identified labor-scarce industries, we will continue to postpone the economic stability associated with increased employment.

Specific policies must be initiated to assist the States' vocational and adult educators in providing training opportunities to the growing idle labor force. Incentives must be provided to increase the involvement of the private sector. Opportunities must be made available for short-term worksite learning. There must be a re-emphasis on the basic skills. Information about current and future labor markets must be available to better match labor supply to demand. And finally, the means must be allocated to maintain and to improve the collaborative efforts among agencies that provide vocational, adult and human services.

There are over 200 postsecondary institutions in the State of Maryland. Of this number, only 30 schools are eligible to apply for Federal grants. One of the reasons for the lack of eligibility stems from program accreditation, which is often determined by the calendar length of the program rather than the clock hours of training an individual receives.

Rather than continuing to provide funds for programs whose graduates have limited hope of gaining employment upon graduation, our institution wishes to echo the remarks of Dr. Derek Bok, president of Harvard University, who stated, "The best way to use limited Federal funds for students is to direct them to those who are most likely to gain employment upon graduation."

We would like to add that these moneys should lead to positions in unsubsidized employment. The successful employment enjoyed by the graduates of Baltimore's International Culinary Arts Institute is, in part, the result of the coordinated efforts of the Institute, Baltimore City, the Mayor's Office of Manpower Resources, and employers who initiate and maintain the types of policies that address and effectively alter the social contexts and organizational structures that sustain the problem of high unemployment.

Mr. Chairman, we thank you for the opportunity to address this committee.

PREPARED STATEMENTS

Senator SCHMITT. Thank you very much. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF DR. RICHARD REMBOLD

RECOMMENDATIONS

1. THE ADOPTION OF CONCISE FEDERAL CRITERIA FOR SPECIFIC VOCATIONAL PROGRAM CONTENT AT THE POSTSECONDARY LEVEL, AS WELL AS THE CREATION OF UNIFORM GUIDELINES FOR ELIGIBILITY AND ACCESS TO FEDERAL FUNDS WHICH REFLECT THE DIVERSITY OF THE STANDARDIZED VOCATIONAL CURRICULA.
2. THE ESTABLISHMENT OF A FUND TO PROVIDE FINANCIAL ASSISTANCE TO STUDENTS THAT DESIRE TRAINING IN IDENTIFIED LABOR-SCARCE INDUSTRIES.
3. AN INCREASE IN TAX INCENTIVES TO THE PRIVATE EMPLOYMENT SECTOR FOR COOPERATIVE PROGRAM DEVELOPMENT WITH EXISTING VOCATIONAL TRAINING INSTITUTIONS.
4. THE PROVISION OF FUNDS TO ASSIST IN THE DEVELOPMENT OF VOCATIONAL PROGRAMS WHICH WOULD EMPHASIZE THE RETRAINING OF WORKERS IDLED AS THE RESULT OF JOB OBSOLESCENCE OR PLANT MODERNIZATION, AS WELL AS CONTINUED FUNDING FOR TRAINING TO ENHANCE THE SKILLS OF UNDEREMPLOYED POPULATIONS.
5. THE CREATION OF A RESEARCH FUND TO ASSIST VOCATIONAL AND ADULT EDUCATORS IN THE CREATION AND DISSEMINATION OF BASIC SKILLS CURRICULA DEVELOPED IN THE VOCATIONAL CONTENT AREA.
6. THE FORMATION OF AN ADULT VOCATIONAL EDUCATION INFORMATION CLEARINGHOUSE; ITS PURPOSE TO COLLECT AND DISSEMINATE LABOR FORCE DATA TO THE STATES TO ASSIST IN THE DEVELOPMENT OF LABOR-SPECIFIC VOCATIONAL PROGRAMS.
7. A GENERAL INCREASE IN THE FISCAL YEAR 1983 BUDGET FOR VOCATIONAL AND ADULT EDUCATION TO ENABLE THE STATES TO CONSOLIDATE AND COORDINATE THE COLLABORATIVE EFFORTS IN THE PROVISION OF VOCATIONAL, ADULT AND HUMAN SERVICES.

ECONOMIST ALFRED MARSHALL SAID, "THE MOST VALUABLE OF ALL CAPITAL IS THAT INVESTED IN HUMAN BEINGS." IN THE TRADITIONAL UNDERSTANDING OF THE ECONOMICS OF EDUCATION, EXPENDITURE FOR EDUCATIONAL PROCESSES IS CONCEIVED AS INVESTMENT, THE RETURN OF WHICH FORMS 'INTELLECTUAL CAPITAL'. FOR THE HUMAN CAPITAL CONTEXT, THE PAYOFF CAN ACCRUE BOTH TO THE INDIVIDUAL AND TO SOCIETY.

In his statement presented before this committee, the Assistant Secretary for Vocational and Adult Education, Dr. Robert M. Worthington, noted that vocational and adult education programs were responsible for "contributing to the formation of a skilled and literate work force." Subsequently he stated, "these programs . . . play a major role in the Nation's economic well-being." While concurring with the ends implied in Dr. Worthington's comments, the means to accomplish them, as outlined in the proposed fiscal year 1983 budget for vocational and adult education, are grossly inadequate.

The Assistant Secretary provided numerous graphics during his testimony which sought to illustrate that the major share of funds expended for vocational education was borne by the states (table 1) and that an increasing share of adult education expenditures was being assumed by the states (table 2); such graphics are unfortunately misleading. In table 3 expenditures for adult and vocational education by the State of Maryland are presented for fiscal year 1982 and fiscal year 1983. As is shown, there are no funds allocated in the Maryland General Fund for vocational education, this in sharp contrast to Dr. Worthington's suggestion that states absorb 90+% of the costs for vocational education. Though Dr. Worthington was correct in saying that states are assuming greater responsibility for funding adult education, he failed to point out that, for the State of Maryland at least, the amount of that expenditure is decreasing (table 3). Should this trend be reflected in the budgets of other states, can we place much confidence in the Assistant Secretary's assurances that the fiscal year 1983 budget for vocational and adult education, along with associated small reserves, will "improve the quality and effectiveness of vocational and adult education, especially in the area of skilled work force training(?)"

Dr. Gordon I. Swanson, Professor and Director of Graduate Studies at the University of Minnesota, has stated, "The organizational structure of postsecondary vocational education and training in the United States has many of the characteristics of assembled patchwork." Table 4 examines

THE RANGE AND COMPLEXITY OF THE MORE THAN 9,000 INSTITUTIONS, MOST OF THEM PRIVATE, WHICH COMPETE FOR STUDENTS. TABLE 5 HELPS TO COMPLETE THE PICTURE OF FACILITIES FOR EDUCATION AND TRAINING. THIS TABLE SHOWS THE EXTENT OF PARTICIPATION IN VARIOUS "NONTRADITIONAL" VOCATIONAL TRAINING PROGRAMS OPERATED CURRENTLY OR IN THE PAST BY THE U.S. DEPARTMENT OF LABOR. THESE PROGRAMS ARE GENERALLY AIMED AT YOUTH SIXTEEN TO TWENTY-ONE YEARS OF AGE, MANY OF WHOM ARE SECONDARY SCHOOL DROPOUTS.

ALTHOUGH IT IS POSSIBLE TO DESCRIBE THE GENERAL PATTERN OF THE ORGANIZATION OF VOCATIONAL EDUCATION, FURTHER GENERALIZATIONS ARE RISKY. VARIATIONS AMONG STATES IN GOVERNANCE, FUNDING, INTER-INSTITUTIONAL COORDINATION, ADMINISTRATION, AND CONTROL ARE SO GREAT THAT EVEN A VERY COMMON TYPE OF INSTITUTION, SAY A POSTSECONDARY TECHNICAL INSTITUTE, MAY BE QUITE DIFFERENT FROM STATE TO STATE. THE LACK OF CONCISE FEDERAL CRITERIA FOR PROGRAM CONTENT, AND STANDARDIZED GUIDELINES FOR ELIGIBILITY AND ACCESS TO FUNDING REDUCES THE PROBABILITY THAT STATES WILL MAKE CONCERTED EFFORTS TO MAINTAIN VOCATIONAL FUNDING IN THE FACE OF CURRENT FEDERAL BUDGET REDUCTIONS.

IT IS OBVIOUS THAT THE NATION CANNOT AFFORD TO HAVE 10 MILLION PEOPLE UNEMPLOYED, NOR CAN IT NEGLECT THE VOCATIONAL TRAINING AND SOCIAL NEEDS OF ITS CITIZENS. TO THIS END, VOCATIONAL EDUCATORS MUST BEGIN TO INCORPORATE THE MEANS FOR DERIVING MORE THAN ECONOMIC BENEFITS (SUCCESSFUL JOB PLACEMENT AND INCREASED EARNINGS) FROM THEIR TRAINING PROGRAMS. CLOSER WORKING ARRANGEMENTS WITH HUMAN RESOURCES DEVELOPMENT AGENCIES ARE ESSENTIAL. MANY SUCH PRODUCTIVE RELATIONSHIPS WERE DEVELOPED AS A DIRECT OUTGROWTH OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT. TABLE 6 DEPICTS A CONTINUUM OF SERVICES WHICH COULD COORDINATE EXISTING RESOURCES WHILE CONSOLIDATING ADULT AND VOCATIONAL EDUCATION EFFORTS. IT IS BOTH POLITICAL AND ECONOMIC SENSE TO UTILIZE THE SUBSTANTIAL RELATIONSHIPS WHICH EXIST BETWEEN MANPOWER AGENCIES AND ADULT AND VOCATIONAL TRAINING INSTITUTIONS. TO PROVIDE FUNDING TO ENHANCE SUCH A CONTINUUM WOULD NOT ONLY ALLOW FOR THE DESIRED CONSOLIDATION OF EFFORTS IN ADULT AND VOCATIONAL EDUCATION, BUT PROVIDE A FUNCTIONAL FRAMEWORK TO ADDRESS THE TRAINING AND EDUCATIONAL CONCERNS EXPRESSED BY EMPLOYERS.

A RECENT FEDERAL POLICY PAPER DRAFTED BY LAWRENCE BROWN FOR THE OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION REVIEWED FORTY-EIGHT MAJOR STUDIES OF VOCATIONAL EDUCATION NOTING PROGRAM EVALUATIONS WITH REGARD TO ECONOMIC BENEFITS. IN MARCIA FREEDMAN'S STUDY, IT WAS POINTED OUT THAT FIRMS RELY HEAVILY ON POSTSECONDARY TRAINING FOR NEW EMPLOYEES IN ENTRY-LEVEL JOBS. SHE SPECIFICALLY NOTED SKILL TRAINING FOR ASSEMBLY LINE, STOCK AND FOODSERVICE WORKERS. FREEDMAN SHOWED THAT THESE JOBS, WHICH REQUIRE LIMITED TRAINING FOR ENTRY, ACCOUNT FOR MORE THAN ONE-THIRD OF TOTAL EMPLOYMENT IN THE UNITED STATES, AN IMPORTANT CONSIDERATION WHEN DETERMINING VOCATIONAL EDUCATION EXPENDITURES.

FREEDMAN'S ANALYSIS OF THE FUTURE JOB MARKET AND ITS TRAINING NEEDS, COUPLED WITH EDITH LYNTON'S RECENT STUDY OF EMPLOYER HIRING PRACTICES, INDICATE THAT, IN THE FUTURE, ENTRY TO JOBS WILL LIKELY DEPEND LESS ON NARROW SKILL TRAINING AND MORE ON ACCESS TO THE SYSTEM, BASIC LITERACY AND COMPUTATIONAL SKILLS.

AN IMMEDIATE CONCERN FOR VOCATIONAL EDUCATORS IS THE DESIGN, DEVELOPMENT AND IMPLEMENTATION OF TRAINING PROGRAMS THAT MEET CURRENT AND PROJECTED LABOR DEMANDS. THE DIFFICULTY RESTS IN DETERMINING WHETHER THE POSITION ONE IS CURRENTLY TRAINING AN INDIVIDUAL TO ASSUME WILL EXIST AT THE CONCLUSION OF INSTRUCTION. TABLE 7 NOT ONLY REPRESENTS THE TYPE OF DATA NECESSARY TO MAKE SUCH DETERMINATIONS, BUT DEPICTS ONE PORTION OF THE LABOR MARKET THAT HAS INDICATED CONSISTENT GROWTH. WHEN PLANNING FUTURE INVESTMENTS IN HUMAN CAPITAL, ALLOCATIONS FOR VOCATIONAL TRAINING IN THE FOODSERVICE INDUSTRY MUST BE CONSIDERED.

→IN 1981, ACCORDING TO CAHNERS BUREAU OF FOODSERVICE RESEARCH, THE FOODSERVICE INDUSTRY HAD: SALES OF $130 BILLION; EMPLOYED OVER 8 MILLION PEOPLE; AND CONTINUED TO INCREASE AT A RATE OF 10% ANNUALLY. WITH THESE DEVELOPMENTS, THE INDUSTRY HAS AN INCREASING SHORTAGE OF QUALIFIED PERSONNEL TO FILL ENTRY-LEVEL AND SKILLED POSITIONS. THE OVERALL ANNUAL JOB DEMAND IN THE FOODSERVICE INDUSTRY EXCEEDS A QUARTER MILLION JOBS. THERE

ARE OVER 86,000 SKILLED OPENINGS AVAILABLE EACH YEAR WITH NEARLY ONE-HALF, OR 40,000 OF THE POSITIONS REMAINING UNFILLED, PRIMARILY DUE TO THE LACK OF TRAINED, SKILLED PERSONNEL. BALTIMORE'S INTERNATIONAL CULINARY ARTS INSTITUTE AND SIMILAR INSTITUTIONS ARE ATTEMPTING TO SUPPLY THE MARKET WITH THE SKILLED LABOR IT REQUIRES. HOWEVER, UNLESS ALTERNATIVE AND CO-OPERATIVE FUNDING ARRANGEMENTS CAN BE DEVELOPED TO INCREASE THE AVAILABILITY AND ACCESSIBILITY OF TRAINING TO MEET THE LABOR DEMANDS OF THE FOODSERVICE INDUSTRY, WE WILL CONTINUE TO UNDERUTILIZE A READY LABOR MARKET AND ESTABLISHED TRAINING ORGANIZATION. BY FAILING TO INVEST SUFFICIENT FUNDS TO PROVIDE TRAINING IN IDENTIFIED LABOR-SCARCE INDUSTRIES WE WILL CONTINUE TO POSTPONE THE ECONOMIC STABILITY ASSOCIATED WITH INCREASED EMPLOYMENT.

IF VOCATIONAL AND ADULT EDUCATION ARE TO BE CONSOLIDATED THEN THE FUNDS APPROPRIATED FOR THAT CONSOLIDATION MUST MATCH THE MAGNITUDE OF THE TASK. THE EXHIBITION OF EXCESSIVE CAUTION IN BUDGET ALLOCATION IS THE BEST WAY TO GUARANTEE PROGRAM FAILURE.

THE CATCHWORDS FOR FUTURE POLICY PROPOSALS GOVERNING THE EXPENDITURE OF VOCATIONAL AND ADULT EDUCATION FUNDS MUST BE FEASIBILITY AND IMPACT. SPECIFIC POLICIES MUST BE INITIATED TO ASSIST THE STATES, VOCATIONAL AND ADULT EDUCATORS IN PROVIDING TRAINING OPPORTUNITIES TO THE GROWING, IDLE LABOR FORCE. INCENTIVES MUST BE PROVIDED TO INCREASE THE INVOLVEMENT OF THE PRIVATE SECTOR; OPPORTUNITIES MUST BE MADE AVAILABLE FOR SHORT-TERM WORKSITE LEARNING; THERE MUST BE A REEMPHASIS ON THE BASIC SKILLS; INFORMATION ABOUT CURRENT AND FUTURE LABOR MARKETS MUST BE AVAILABLE TO BETTER MATCH LABOR SUPPLY TO DEMAND; AND FINALLY, THE MEANS MUST BE ALLOCATED TO MAINTAIN AND IMPROVE THE COLLABORATIVE EFFORTS AMONG AGENCIES THAT PROVIDE VOCATIONAL, ADULT AND HUMAN SERVICES.

THE SUCCESSFUL EMPLOYMENT ENJOYED BY THE GRADUATES OF BALTIMORE'S INTERNATIONAL CULINARY ARTS INSTITUTE IS, IN PART, THE RESULT OF THE COORDINATED EFFORTS OF THE INSTITUTE, BALTIMORE CITY, THE MAYOR'S OFFICE OF MANPOWER RESOURCES, AND EMPLOYERS TO INITIATE AND MAINTAIN THE TYPES OF POLICIES THAT ADDRESS AND EFFECTIVELY ALTER THE SOCIAL AND ORGANIZATIONAL STRUCTURES THAT SUSTAIN THE PROBLEM OF HIGH UNEMPLOYMENT.

FEDERAL/STATE SHARE OF TOTAL VOCATIONAL EDUCATION EXPENDITURES

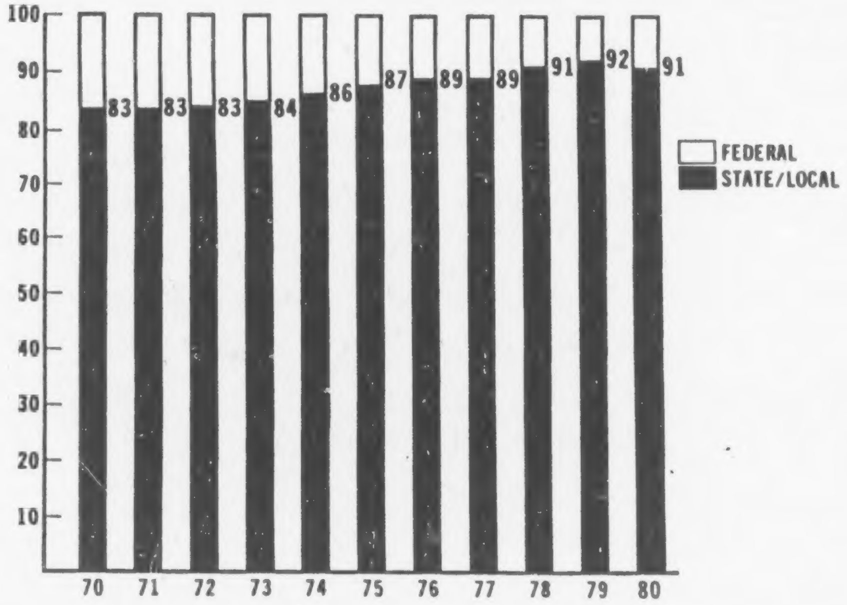


TABLE 1

FEDERAL/STATE SHARE OF TOTAL ADULT EDUCATION EXPENDITURES

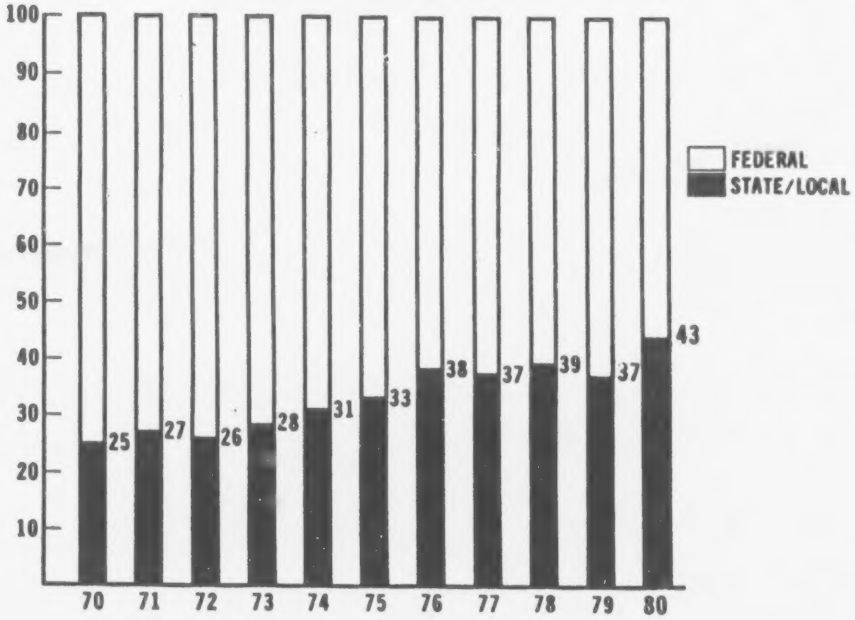


TABLE 2

TABLE 3

VOCATIONAL AND ADULT EDUCATION FUNDING FOR FISCAL YEARS 1982 AND 1983 IN THE STATE OF MARYALND

VOCATIONAL EDUCATION

	1982	1983 *
MARYLAND GENERAL FUND	$ 0	$ 0
FEDERAL FUNDS	$12,484,063	$10,851,872 *(PROJECTED)
TOTAL	$12,484,063	$10,851,872

FISCAL YEAR 1983 FUNDING HAS BEEN DECREASED BY 13.1%

ADULT/CONTINUING EDUCATION

	1982	1983 *
MARYLAND GENERAL FUND	$ 799,353	$ 830,877
FEDERAL FUNDS	$ 2,166,145	$ 1,700,000 *(PROJECTED)
TOTAL	$ 2,965,498	$ 2,530,877

FEDERAL FUNDS HAVE BEEN DECREASED BY 21.5%

OVERALL FISCAL YEAR 1983 FUNDING HAS BEEN DECREASED BY 14.7%

SOURCE: BUDGET ANALYST-VOCATIONAL AND ADULT/CONTINUING EDUCATION
MANAGEMENT INFORMATION OFFICE: STATE OF MARYLAND

Table 4

A Selective Institutional Profile of Postsecondary Vocational Education in the United States

Type	Approximate Number of Institutions Providing Programs Public	Private	Comments
Vocational/technical	506	112	There are 1,955 public (enrollment, 712,150) and 7,382 private (enrollment, 991,805) post secondary schools, many of which offer advanced levels of instruction in vocational subjects. Many of these schools provide instruction that, with respect to level and content, is commonly found in secondary schools. Such programs are provided because the schools enroll (a) graduates of secondary schools and dropouts who were not previously enrolled in vocational programs, either by choice or because the programs were not available; (b) students whose occupational plans have changed; (c) students in shared-time programs who are dually enrolled in a secondary school and a post-secondary school.
Technical Institute	112	113	
Junior/Community College	788	201	
University/College	254	241	
Business/Commercial	4	1,297	
Cosmetology/Barber	0	2,163	
Flight School	5	1,059	
Hospital School	147	770	
Allied Health	114	245	
Arts/Design	0	254	
Trade School	14	736	
Other	1	191	

Source: Gordon I. Swanson, Vocational Education Patterns in the United States (NSSE, Chicago, 1982).

Table 5

Approximate Number of Participants in Vocational Training Programs in Nontraditional Secondary/Postsecondary Establishments and in Apprenticeship Programs, 1979

U.S. Department of Labor Programs	Number of Participants	Comments
Job Corps	85,000	Ninety-three residential centers; 83 percent of participants are nineteen years of age or younger; 86 percent are school dropouts; strong trade training component.
Youth Incentive Entitlement Pilot Projects	53,400	Provides the incentive of a guaranteed public job to assist disadvantaged students to remain in school or to return to earn a secondary school diploma.
Youth Employment Training Programs	413,600	Various approaches for dropouts and high-risk students, including educational vouchers. Seventy-six percent of participants are under the age of nineteen and 14 percent are under the age of fifteen. All are disadvantaged.
Youth Adult Conservation Corps	67,200	Work on conservation/water projects to provide employment to youth.
Youth Community Conservation and Improvement Programs	38,500	Community improvement work programs. Supervised work experience on community projects. Eighteen percent of participants have completed high school.
Summer Youth Employment Program	888,000	Summer employment with a nominal training and educational component. Eleven percent of participants have completed high school.
Title II B and C Activities		
Classroom training	569,425	Approximately half of the participants in Title II B and C programs were under twenty-two years of age and 48 percent were dropouts from elementary or secondary schools. Program objectives are marketable skills and unsubsidized employment.
On-the-job training	156,787	
Work experience	391,243	
Apprenticeship Training (Department of Labor, Bureau of Apprenticeship Training)	395,000	Receiving training under state and national apprenticeship programs in conjunction with trade unions; 131,000 new apprentices were registered/indentured in 1978.

Source: Gordon I. Swanson, Vocational Education Patterns in the United States (NSSE, Chicago, 1982).

TABLE 6

RESOURCE CONSOLIDATION CONTINUUM FOR VOCATIONAL AND ADULT EDUCATION AND HUMAN RESOURCES AGENCIES

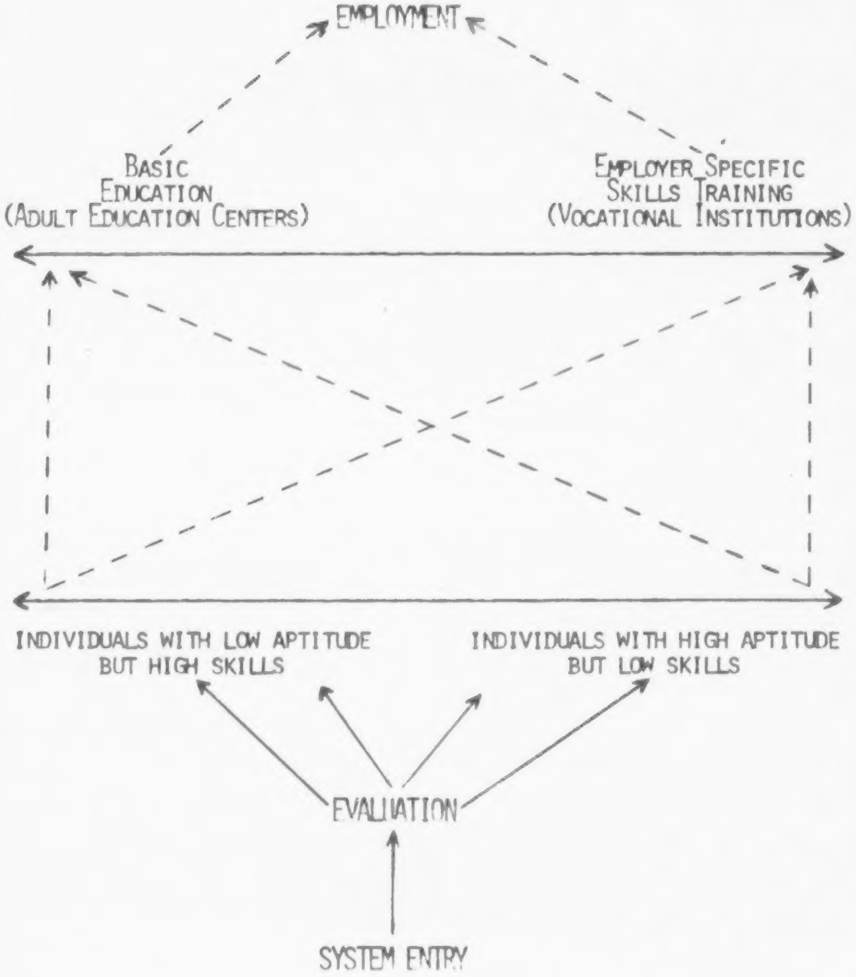

EMPLOYMENT
BASIC EDUCATION (ADULT EDUCATION CENTERS)
EMPLOYER SPECIFIC SKILLS TRAINING (VOCATIONAL INSTITUTIONS)
INDIVIDUALS WITH LOW APTITUDE BUT HIGH SKILLS
INDIVIDUALS WITH HIGH APTITUDE BUT LOW SKILLS
EVALUATION
SYSTEM ENTRY

TABLE 7

FOOD SERVICE STATISTICS

EMPLOYEES (x1000)

Commercial (67% of Food Service Market)

Full Service Restaurant (35.7% of Food Service Market)

1970	1981	% Growth 1970-81
1,807	2,426	+ 34.3%

Fast Food (21.8% of Food Service Market)

1970	1981	% Growth 1970-81
310	1,449	+ 367.4%

Hote/Motel (3.8% of Food Service Market)

1970	1981	% Growth 1970-81
151	184	+ 21.9%

Retail (3.4% of Food Service MArket)

1970	1981	% Growth 1970-81
236	289	+ 22.5%

Recreation (2.3% of Food Service Market)

1970	1981	% Growth 1970-81
49	44	- 11.2%

Non-Commercial (30.3% of Food Service Market)

Health Care (8.2% of Food Service Market)

1970	1981	% Growth 1970-81
208	290	+ 39.4%

Schools (8.3% of Food Service MArket)

1970	1981	% Growth 1970-81
407	314	-22.9%

Employee Feeding (5.8% of Food Service Market)

1970	1981	% Growth 1970-81
50	166	+ 232.0%

College/University (3.9% of Food Service MArket)

1970	1981	% Growth 1970-81
94	116	+ 23.4%

Military (2.6% of Food Service Market)

1970	1981	% Growth 1970-81

*Based on numbers of food service units + 10.0%

Transportation (1.5% of Food Service Market)

1970	1981	% Growth 1970-81
13	12	- 7.7%

Other (2.7% of Food Service Market)

*Data Source - Cahners Bureau of Food Service Research

STATEMENT OF DR. GENE BOTTOMS

I am Gene Bottoms, executive director of the American Vocational Association, the major national professional association for vocational education teachers and administrators. I am pleased to have the opportunity to speak on behalf of vocational educators concerning the Administration's proposal for funding vocational education in fiscal year 1983.

We believe that vocational education has a major role to play in the realization of our nation's economic and defense goals. Therefore, we must oppose the Administration's recommendation to merge vocational education funding into a block grant with adult education and to cut the support for the combined programs by 36% as compared to their fiscal year 1981 levels.

Our nation cannot afford at this time to reduce the support it gives to the major program our country has for preparing people for employment. The reasons for our concern are quite clear. Let me enumerate them quickly here:

- Unemployment is at its highest point since 1975, standing at close to 9%.
- Skilled worker shortages are already at alarmingly high levels in many industries and data which we will present later in this statement shows that they will worsen in the decade ahead.
- Technological innovations in the work place are making the skills of a growing number of workers obsolete and greatly expanding the need for training and retraining programs.
- Displacements caused by failing industries or by the retooling of others are a growing national problem requiring thousands of Americans to look for training to prepare them for new jobs.
- The new national emphasis on defense will be worthless if we cannot train the workers required to build, operate and maintain the sophisticated new machinery required.

The proposal we are presenting to you calls for an appropriation of $800 million for vocational education in FY83. This would allow federal funds to remain close to equal to the FY80 level of $784 million. Because of the bite of inflation, it would by no means bring the level of federal support back to the level it attained a decade ago.

We feel that in a time of scarce resources, this is a reasonable request. Further, we believe that it is a request that will yield a far greater return for our country than its costs. Without this support, we fear that our nation's ability to meet the educational needs of its work force will be seriously endangered.

HOW WOULD PROPOSED CUTS IN FUNDING AFFECT VOCATIONAL EDUCATION PROGRAMS?

During March and April, we conducted a survey among state directors of vocational education to determine what the effect of cuts has already been and what the additional implications of deeper cuts might be. Not all states could provide us exact information on the numbers of programs, personnel and students affected, but information from 27 states suggests that the nationwide impact would be immense.

Information from 21 states reveals that almost 10% (9.9%) of the student population (based on FY80 data) could no longer be served if the proposed cuts for FY83 become a reality. Information from these states showed that 652,027 students would be affected. (Georgia was not included in the above calculations because total vocational education enrollment data was unavailable.)

Concerning FY81 cuts, we discovered that 291,320 students could not be served this year in 20 of the states as a result of the budget reductions. Eighteen of the states reported that they had to cut 3,488 teachers and eighteen states said they had cut 837 administrative positions. Information from fourteen of the states showed that 1,995 programs were eliminated.

The state directors we talked with stressed that the impact of this first wave of cuts was minimized because they had some carry-over funds from previous years that they were able to use to lessen the impact of the cuts. However, these funds are virtually gone now and all future cuts will have an immediate and total impact on students, programs and personnel.

This fact becomes obvious when we compare the numbers of cuts necessary because of FY81 funding reductions with the numbers projected as a result of proposed cutbacks in FY82 and FY83. Data from 22 states shows that 671,597 students could not be served if these cuts became a reality. Almost 7,000 teachers (6,896) would lose their jobs in 20 of the states and there would be administrative staff cuts totalling 1,345 positions in 20 of the states. The number of programs scheduled for elimination was 4,050, with information reported from 14 states. (Charts 1 and 2 show figures for the states included in the survey.)

MOMENTUM IN MANY AREAS WILL BE LOST

These numbers alone, however, do not tell the full story. Based on our conversations with state directors of vocational education, we can report that the major impact of the cuts will be felt in those areas where federal initiatives have been required to generate national momentum. Over and over we were told that program improvement activities would be virtually eliminated. These include such things as curriculum development, teacher upgrading and developing new programs in high technology areas where there is a growing need for training.

Chart 1

Effects of FY81 Federal Budget Cuts on Vocational Education

State	Programs to be Eliminated	Staff Cuts	Teacher Cuts	Students Not Served
Alabama	66	5	68	5,950
Colorado	60	25	62	5,596
Connecticut		10	30	13,700
Georgia		40	40	
Illinois	140	53	527	25,360
Hawaii		5	5	137
Indiana		4		
Massachusetts	230	89 Full time 176 Part time	(Included in staff cuts)	30,859
Mississippi	24	21	88	5,300
Missouri			269	8,070
Montana		2	12	165
Nebraska	126	1	294	14,650
New Hampshire	0	3	0	Unable to calculate
New Mexico	34	10		380
New York			130 Full time 770 Part time	59,988
Ohio	942	262	641	97,188
Oklahoma	0	0	0	0
Oregon	203	29	203	6,560
Pennsylvania	101	83	149	3,050
South Carolina	11	13	11	6,290
South Dakota	6	0	0	40
Texas	0	0	few	slightly effected
Utah			140	2,800
Vermont	0	0	0	no reduction
Washington	50		22	2,000
West Virginia	2	6	27	3,237
Wyoming	0	0	0	reduced access
	1,995	837	3,488	291,320

SOURCE: American Vocational Association Survey of State Directors of Vocational Education.

Chart 2

Projected Effects of Proposed Federal Budget Cuts on Vocational Education

State	Programs to be Eliminated	Staff Cuts	Teacher Cuts	Students Not Served
Alabama	230	12	200	10,831
Arkansas	38	0	38	3,233
Colorado	122	47	90	13,925
Connecticut		15	270	33,000
Georgia	211	42	211	19,552
Illinois	272	126	1,310	47,760
Hawaii		4		
Kentucky		13	89	48,970
Maryland				8,000
Massachusetts	529	206 Full time 404 Part time	(Included in staff cuts)	70,976
Mississippi		20	173	8,320
Missouri		0	299	8,970
Montana		9	72	1,100
Nebraska	110	3	111	19,400
New Hampshire	0	3	unable to calculate	unable to calculate
New York		29	86 Full time 672 Part time	58,662
Ohio	1,394	262	2,147	255,400
Oklahoma		43	256	29,291
Oregon	496	35	268	9,840
Pennsylvania	122	20	229	4,400
South Carolina	164	40	228	13,514
Texas	0	few	few	minimum impact
Vermont	19	0	4	1,200
Washington	300	0	100	3,711
West Virginia	43	9	43	1,524
Wyoming		3	0	unable to calculate
	4,050	1,345	6,896	671,579

SOURCE: American Vocational Association Survey of State Directors of Vocational Education.

A second major area of concern was the impact on programs for disadvantaged and handicapped individuals. Almost 70% of the funding available to provide extra services required to help these students succeed in vocational education comes from federal dollars, according to information from the Vocational Education Study completed last fall by the National Institute of Education.

A third area of concern was equipment. Vocational education programs are among the most costly in education primarily because of the sophisticated, highly technical equipment required in many instructional areas. Yet, without such equipment, these programs are virtually worthless to students because they do not offer them experience in settings that resemble the state of the art in the work place.

The concerns expressed by state directors about equipment underscored the findings of a 1981 study of vocational education program and equipment needs conducted by AVA. Findings from information provided by more than 200 institutions showed that almost a third of the equipment used in their trade and industrial or technical programs was obsolete. Between 20-30% of the equipment used in the five other program areas studied was obsolete.

The study also revealed disturbing statistics showing that equipment is becoming obsolete at a rate that is two to three times faster than it is being replaced, indicating that even at the current (FY81) support levels, it would be impossible for equipment ever to catch up with technology. The survey also showed clearly that funds have prohibited the incorporation of new technologies into vocational education to any great extent. (Charts 3 and 4 provide complete information from this study.)

Other areas where services will be reduced or sharply curtailed as a result of the proposed cuts for FY82 and FY83, according to the state directors surveyed, include:

Planning and Evaluation -- Funding for these activities makes it possible for vocational education to make wise decisions based on pertinent information concerning the future course of vocational education.

Teacher Education -- Funding in this area is used largely to provide special training required by teachers to work with special population groups and to help provide in-service training for the thousands of teachers who come into vocational education from industry without the benefit of previous experience in the area of education.

Chart 3

Vocational Education Tools and Equipment

Investment Value and Replacement Practices

	Occupational Fields						
Tools/Equipment Information	Agriculture	Bus/Office	Marketing/ DE	Health	Home Ec.	Trade & Ind.	Technical
Average $ Value of Tools and Equipment	150,000	411,000	61,000	125,000	176,000	1,051,000	641,000
% of Tools & Equipment Over 10 Years Old	47.5	32.9	44.6	43.0	42.2	52.5	44.4
% of Equipment That Is Obsolete	24.9	20.9	22.7	28.7	20.5	30.4	32.0
% of Equipment Replaced Each Year	8.6	9.7	7.4	8.1	9.5	8.8	9.5
Average Cost to Bring Equipment Up-to-Date	60,000	120,000	38,000	90,000	48,000	376,000	375,000

Source: Vocational Education Equipment Needs Study, Center for Vocational, Technical and Adult Education, University of Wisconsin-Stout.

Chart 4

New Technologies in Vocational Education

Technology	No Response	# Not Using	Slight Use	Some Use	Extensive Use	New Program
Energy Conservation	4	5	37	36	14	6
Generation and Use of Alternative Forms of Energy	5	40	24	21	6	5
Robotics	11	74	8	5	0	1
Micro-Processing	5	21	20	33	15	8
Word Processing	5	17	11	34	20	15
Laser Technology	7	74	11	6	1	1
Fiber Optics	7	69	20	3	1	1
Computer-Assisted Design	6	56	18	12	5	4
Computer-Assisted Manufacturing	7	56	26	8	4	0
Electro-Mechanical	8	22	32	22	14	5

Percent of respondents

Source: Vocational Education Equipment Needs Study, Center for Vocational, Technical and Adult Education, University of Wisconsin-Stout.

Technical Assistance to Schools -- State staffs will be sharply reduced as a result of federal cutbacks, making it increasingly difficult for states to provide the level of assistance needed by individual schools.

CAN STATES MAKE UP THE DIFFERENCE?

Budget architects have stated that the sharp reductions proposed in Vocational Education Act funds will have little impact on vocational education programs because states and local communities provide approximately 90% of the support.

We argue against this reasoning on two bases:

1. The Vocational Education Act funds represent only one part of the federal funds received by vocational education.
2. States and local communities are not able to make up for the impact of cuts at the federal level because of their own fiscal problems.

The Full Range of Federal Funds

The projected loss of federal funds for vocational education is far greater than Administration officials would have you believe. To focus only on Vocational Education Act funds when talking about the impact on vocational education from a reduction of federal support is a myopic view at best. The current vocational education enterprise has benefitted from a wide range of federal initiatives, all of which are now threatened.

These include economic development programs such as the Appalachian Regional Development. Public Works and Economic Development Act of 1965, the Tennessee Valley Authority and the Rural Development Act, which have provided substantial funds for the expansion of vocational education facilities and programs, especially in depressed areas of the nation. Training funds channeled to vocational education through the Comprehensive Employment and Training Act provide another major source of revenue. Finally, other Department of Education programs such as Impact Aid, Emergency School Assistance and Aid for the Handicapped also contribute to vocational education budgets.

Taking all of these programs into account, Stuart Rosenfeld, a senior associate at the National Institute of Education, estimates that about 20% of all funding for secondary vocational education programs and 16% of the funding for post-secondary and adult programs comes from federal funds. If we are to look at cuts proposed in these programs coupled with the impact which would result from the proposed phase out of all federal funding for vocational education as part of the new Federalism plan, we must assume that vocational education within the decade will face a cut of at least 10%--and possibly as much as 20%.

Fiscal Problems at the State and Local Levels

Over the past decade, federal support for vocational education has not kept up with inflation and the rapidly growing enrollments in vocational education programs. As a result, the federal support per student enrolled is less than half as large today as it was a decade ago, slipping from $32 per student in FY72 to $15 per student in FY79.

During the same period, state appropriations have managed to hold their own with some slight fluctuations. In FY72 the per student support was $151 and in FY79 the level was the same. This evidence shows clearly that even in times when funding was moving steadily upward, state and local resources for vocational education were only able to remain level. They did not compensate for the $17 per student loss in federal support. Today when funds are much tighter, it would be foolish to assume that states and local communities will take over the historic federal share of the funding responsibility for vocational education.

Although state appropriations for vocational education have continued to grow, the majority of the state directors surveyed by AVA said that they have not been keeping pace with inflation. Only six states reported appropriation increases for the current year that were above 7%.

Seven states reported that their appropriations have decreased and two large states -- Illinois and New York -- noted that they were staying approximately level. The total impact of state, local and federal cuts will be devastating to vocational education, the state directors noted.

VOCATIONAL EDUCATION'S ROLE IN SOLVING NATIONAL PROBLEMS

Vocational education can play a vital role in solving critical national problems. This has in fact been a major intent of federal legislation since the passage of the Smith-Hughes Act of 1917.

The goal of this legislation was to establish a cooperative relationship between the federal government and the states. A review of the Congressional Record from 1914-1917, during which the proposed vocational education legislation was debated, shows that the ability of vocational education to provide an "in-place" and "at-ready" nationwide system which could react quickly to national needs, economic and military, was one of the most compelling factors leading to the final passage of the legislation.

This reason remains valid today as it was then. Let us look at how vocational education fits into plans to address these major concerns today.

Preparing Skilled Workers

As the pace of technological change accelerates, employers are becoming increasingly concerned about the availability of vocational education. They are finding a smaller pool of skilled workers to meet their escalating needs.

A recent Economic Impact Modeling System prepared by a senior economist in the Office of the Secretary of Defense identifies projected needs for skilled workers for defense and for all industries through 1987. An analysis of 41 occupations requiring vocational training shows that there will be a need for almost 10 million new workers within the next five years in these occupations alone. These figures do not take into account the number of additional workers that will be required to replace workers who retire or for some other reason leave the field. (See Chart 5 for data on the 41 occupations.)

Congress has provided substantial tax incentives to industries to retool and expand their capital investment. As a result, the level of technology in American industries will advance significantly during the next decade. Federal initiatives in defense will vastly expand and change worker requirements in this area as well. Without an up-to-date vocational education system to train and retrain the required workers, the mismatch described above will reach crisis proportions.

Employers are increasingly turning to vocational education institutions to relieve their work force shortages or to retrain workers to adapt to new technology. In 21 states, vocational education programs are providing customized training to enable at least 100,000 persons annually to fill jobs in new or expanding industries. The industries rely on the vocational institution to develop the curriculum, provide the training and sometimes even to recruit and select the trainees. Many states, however, will have to reduce or eliminate these special services to industries if federal funds are cut. As these industries are forced to provide their own training, they will have to raise the costs of their products, an action sure to fuel inflation.

Among small businesses, which employ more than half of the nation's non-government work force, decreases in industry training programs offered through vocational education will be especially disasterous because they will not be able to mount their own programs.

Meeting Military Requirements

While industry is expanding, creating an increased demand for worker training and retraining, the proposed defense buildup is creating the same demands to

Chart 5

Projected Demand for Skilled Workers by 1987

	Defense		All Industries	
	Total	New Workers*	Total	New Workers*
Clerical and Sales Workers	460,700	155,620	19,725,970	2,530,650
Service Workers	532,850	132,380	16,648,810	1,990,740
Other Operatives, excluding Transport	620,480	232,370	10,490,390	1,217,280
Stenos, Typists, & Secretaries	281,390	74,010	6,043,730	1,048,660
Construction Crafts Workers	151,450	52,580	4,384,190	618,280
Transport Operatives	152,360	53,820	4,003,490	442,730
Heavy Equipment Mechanics	87,220	31,820	1,281,720	281,020
Other Laborers	166,740	38,020	3,796,550	241,940
Automobile Mechanics	38,490	10,960	1,846,690	239,830
Machinery & Equipment Mechanics	78,360	18,240	1,152,490	175,270
Solderers, Welders and Cutters	81,900	24,900	889,480	153,150
Construction Workers	50,760	9,970	1,077,780	126,920
Other Engineering Technicians	93,820	22,320	784,930	125,380
Computer Specialists	71,290	14,140	547,040	90,130
Machinists & Apprentices	75,410	24,940	572,590	83,140
Office Machine Operators	50,230	11,430	864,020	58,510
Health Technicians	5,950	950	561,310	54,750
Tool & Die Makers & Apprentices	28,160	11,520	223,150	42,100
Electrical & Electronic Technicians	60,710	12,190	241,190	40,390
Data Processing Machine Repair	6,780	3,370	115,880	37,520
Sheetmetal Workers & Apprentices	29,600	7,590	188,090	33,250
Aircraft Mechanics	60,810	15,330	159,790	30,590
Transportation & Public Util. Workers	25,670	6,700	589,640	28,590
Punch Stamping Press Operators	18,330	7,410	193,360	25,9[illegible]0
Lathe Milling Machine Operators	17,970	6,250	145,800	19,400
Aeronautical Technicians	4,970	1,590	116,560	18,650
Millwrights	6,460	2,420	107,870	15,420

	Defense		All Industries	
	Total	New Workers*	Total	New Workers*
Other Precision Machine Operators	10,770	3,630	88,110	14,680
Printing Trade Crafts Workers	15,850	2,510	410,890	9,810
Blacksmiths & Boilermakers	4,820	1,060	59,870	9,630
Furnace Tenders	6,670	2,560	82,600	8,820
Molders, Metal Apprentices	6,090	2,290	60,430	7,680
Grinding Machine Operators	13,240	4,520	132,240	7,610
Chemical Technicians	5,950	1,770	93,200	6,670
Industrial Engineering Technicians	6,150	1,710	34,160	6,010
Mechanical Engineering Technicians	5,010	1,260	21,550	4,060
Metal Platers	5,830	1,890	41,220	3,450
Drill Press Operatives	8,860	2,150	65,140	3,410
Rollers & Finishers, Metal	1,820	720	23,980	2,780
Forge & Hammer	[illegible]	[illegible]	21,950	2,020

Source: Defense Economic Impact Modeling System
Tabulated by David Blond, Senior Economist,
Office of Secretary of Defense.

* Figures do not include required worker replacements.

meet military requirements. Personnel shortages are a pervasive problem in defense industries, according to the Department of Defense. As a result, the lead time for the production of needed machinery can be as much as three years.

The services themselves are also being affected because they are losing many of their skilled technicians to industry.

The military has already discovered that vocational education is a good resource to turn to for meeting some of its training needs. For example, currently the Navy is contracting with four public technical schools to offer 53 courses for skilled technicians. The institutes provide basic training and then the Navy takes over for instruction on the specifics of their equipment. Yet, without funds to keep programs current, it is doubtful that this type of assistance can be expanded.

Avoiding Duplication of Efforts

We believe that in this time of tight resources, it is more important than ever to avoid costly duplication of training services by taking advantaged of the major in-place program our nation has for preparing people for employment. We believe that partnerships between vocational education and private employers, the military, local, state and federal governments must be expanded to enable our nation to meet national priorities involving worker education in the most effective manner possible.

However, the national resource which vocational education represents will lose its value if it is allowed to deteriorate due to a dearth of resources to keep programs up-to-date and ready to respond to changing demands of the work place.

CONTINUE CATEGORICAL FUNDING FOR CONSUMER AND HOMEMAKING EDUCATION

As part of the continued federal support of vocational education, we strongly urge members of Congress to maintain separate categorical funding for consumer and homemaking education. It has been this emphasis during the past two decades that has provided a large part of the impetus for change in this program in terms of the students served (20% are now male), the expansion of the program to reach post-secondary and adult students and the broadened emphasis on such critical programs as consumer and homemaking education, nutrition, child development and family relations.

We fear that if this funding is eliminated the momentum these programs have gained will be lost. In some states there might be a tendency to give preference to occupational-specific vocational education to the detriment of consumer and homemaking education. We urge you to maintain this special support at its FY80 level of $43.5 million.

SUMMARY

Education for employment is a critical dimension in all efforts to update, expand and improve industry and to increase defense production and advance the level of skills of members of the armed services. Vocational education programs across the country represent the major means for accomplishing this objective.

During the last decade, support has not kept pace with inflation and enrollment increases. And, in the past year, a major reduction in the level of support has jeopardized the effectiveness of the federal role. Without a return at least to the level of support achieved in FY80, vocational education programs are in real danger. They will not be able to keep pace with the ever-accelerating rate of change in the business and industrial community. Without the means of staying current, the value of these programs to future workers is questionable.

America cannot afford to let its major system for preparing people for employment deteriorate. We urge you to support our request for $800 million in funding for fiscal year 1983. This is a reasonable, prudent level of support that will enable the federal government to maintain its important role in assuring that vocational education continues to serve the needs of our nation's work force and the business and industries who employ these workers.

Statement of Dr. Robert E. Taylor

Summary of Recommendations

1. Full authorization for Programs of National Significance and the National Center for Research in Vocational Education should be appropriated. These programs are cost effective because they eliminate duplicate costs and accelerate program improvement by providing essential research, development, training, planning information, and evaluation activities that are relevant and useful to large numbers of states.

2. Recent evidence of support for the National Center should be recognized in the resolution of The National Association of State Directors of Vocational Education to transfer $1 million of the vocational education appropriations for basic state grants to Programs of National Significance to increase the support of the National Center for Research in Vocational Education to $5.5 million.

3. Recommendations for continued support for the National Center for Research in Vocational Education is evident in the legislative positions of the U.S. Department of Education, The American Vocational Association, The University Council for Vocational Education, The American Vocational Education Research Association, The National Association of State Directors in Vocational Education, and The National Advisory Council for Vocational Education.

I want to extend my appreciation to Chairman Schmitt and the members of this subcommittee for providing me this opportunity to testify on behalf of vocational education in general, and more specifically the National Center for Research in Vocational Education at The Ohio State University in Columbus, Ohio.

As you well know, one of the most significant dimensions of the 1976 amendments was continuing authorization for program improvement through the five percent set aside for Programs of National Significance. The major components of this set aside are (1) The National Center for Research in Vocational Education; (2) The National and State Occupational Information Coordinating Committees; (3) the training and development programs for vocational education personnel; and (4) other efforts funded under the Secretary's Contracts and Grants.

The National Center, which is now in its fifth year of operation, is the most comprehensive program improvement element funded under this category and supports all of the occupational instruction areas, in secondary, postsecondary and adult. The National Center was mandated by Congress to carry out six specific functions:

1. applied research and development,
2. leadership development and training,
3. information for national planning and policy development,
4. evaluation activities,
5. clearinghouse information services, and
6. dissemination.

Programs of National Significance provide unique leverage for improving, strengthening and extending vocational education across the nation. Such programs represent the most appropriate and effective strategy for fulfilling congressional intent, assuring program improvement, and providing improved data for policy and operational decisions for vocational education. In reviewing the intent and structure of the Vocational Education Amendments, it is apparent that adequate appropriations for Programs of National Significance are essential to the integrity and internal consistency of this legislation. Not only do these Programs influence the character and quality of federal program investments, but they also impact upon the 10 state and local dollars which over match each federal dollar. Programs of National Significance are cost effective since they eliminate duplicate costs and accelerate program improvement by providing essential research, development, training, planning information, and evaluation activities that are relevant and useful to large numbers of states. For improving the vocational education enterprise, it seems to me that there can be no more appropriate expression of the federal leadership role than full support of Programs of National Significance.

The National Center for Research in Vocational Education

It would be impossible for me, in the brief time available to describe the importance of the comprehensive services and functions that the National Center provides vocational education in the United States. However, I want to highlight for you some of our major activities in this last budget year ending January 31.

Last year the National Center developed and released 125 publications in such areas as vocational education and economic development, high technology, improving linkages with business, industry and labor, educational equity, evaluating vocational education programs in corrections, vocational education's role in national defense, and many more. In addition, we promoted the dissemination and use of other exemplary research, development and curriculum products funded by states through our leadership training and dissemination and utilization functions.

During the last year the National Center has had interaction in its program improvement outreach activities with vocational educators in every state in the nation and many local communities.

- We have conducted 109 national conferences and workshops for 3,761 state and local leaders from all states and territories on such significant issues as the role of vocational education in economic development, entreprereurship, the transfer of technology into occupational training, techniques in policy and planning formation, serving special populations, the development of leadership skills, and the improved management of shrinking financial resources.
- Last year in conducting our R&D activities the National Center utilized 94 field sites in 35 states through which we have worked with 1,101 state and local leaders to seek their inputs to our vocational education R&D efforts.
- Last year we received over 1,380 visitors from all states who came to consult with our staff, learn about National Center products and activities, and utilize our information resources.
- In addition to these on-site visitors, we have serviced over 49,253 requests for information and assistance, by way of letter and telephone, from a variety of institutional settings and individuals with varying roles and responsibilities. These individuals have sought information about such national priorities as economic development; exemplary programs for special populations; advanced evaluation methodologies; ways to foster linkages between business, industry, and labor; improved instructional delivery systems for teacher education and professional development workshops; and up-to-date curriculum for occupational training.
- We have distributed over 734,097 research, evaluation reports and information items to a broad and diverse group of constituents.
- Through our clearinghouse information services, state and local vocational educators have access to the 7,953 annotated

bibliographies for all federal and state program improvement projects conducted since 1970 in addition to the most up-to-date information on 4,000 current state administered projects. The National Center's Clearinghouse efforts are not only facilitating the adoption and use of state program improvement products across state lines but we are also assisting states in identifying what has already been accomplished to reduce duplication of efforts and increase cost effectiveness.

During 1981,.the National Center worked with the Curriculum Coordination Centers, the Research Coordination Units, state departments and university teacher education departments to conduct 52 dissemination seminars and workshops for over 3,000 vocational educators to introduce them to and to promote the use of program improvement information. Through these seminars over 9,000 copies of 78 program improvement products and 34,000 mini-brochures summarizing research knowledge were disseminated. Many of these products have been adopted at the local and state levels, and several states have requested permission to reprint these products for dissemination throughout their respective states.

Selected National Center Efforts for the Current Year

The National Center remains committed to improving the responsiveness of vocational education through research, development, training, and evaluation activities on such topics as comprehensive planning, evaluation, services to special populations, and sex fairness. We also have expanded our activities into the areas of economic development and revitalization. For example, during the current year we are focusing on critical occupational skill shortages and developing recommendations for improving vocational education's ability to reduce these shortages. We are developing materials that will enable community colleges and technical institutes to improve their programs of economic development and their response to emerging national defense needs through the training, upgrading and retraining of adult workers. We are continuing our work in high technology by developing program specifications and joint implementation guidelines for postsecondary institutions and industry in such areas as robotics, computer-assisted manufacturing and computer-assisted design. Further, we have a project on optimizing the application of microcomputers in the vocational education enterprise. This project will not only consider specific applications but also the role of federal, state, and local agencies as well as the private sector in further development of microcomputer applications. In the area of teacher education, we are investigating ways in which vocational teachers at both secondary and postsecondary levels receive appropriate technological updating in their occupational specialty.

Support for the National Center

Overall the National Center is making a difference in the quality and impact of vocational education programs throughout the nation. We are developing a special capacity to enhance the effectiveness and efficiency of the present system of vocational and technical education. Increasingly our services and products are being sought by other employment and training groups such as Job Corps, apprenticeship programs, CETA, private industry, and private trade and technical schools.

Recent evidence of the recognition of the National Center's effectiveness and its support is embodied in the recent action by the National Association of State Directors of Vocational Education at their annual meeting September 24, 1981. At that meeting they unanimously passed a resolution to be forwarded to the Congress recommending that $1 million of the vocational education appropriations for basic state grants be transferred to the category of Programs of National Significance and designated to increase the support of the National Center back to its reconciliation level of $5.5 million. This action also has the support of the American Vocational Association. Copies of the State Director's resolution and AVA's letter are attached.

This resolution indicates State Directors of Vocational Education believe that the National Center has served as an increasingly important national resource to vocational education and related programs since 1965 by providing essential services to vocational educators and others at local, state, and national levels through our several functions. In addition to this almost unprecedented action, six major national organizations, associations and agencies have demonstrated their support for the National Center by recommending in their legislative position statements continuing provisions for the National Center in future vocational education legislation. Each of these groups has had an opportunity to assess the National Center's role and effectiveness in program improvement from a different perspective. These include:

(1) the U.S. Department of Education;
(2) the American Vocational Association;
(3) the University Council for Vocational Education;
(4) the American Vocational Education Research Association;
(5) the National Association of State Directors in Vocational Education; and
(6) the National Advisory Council for Vocational Education.

We are proud of these endorsements and indications of confidence. We trust that this committee will recognize the important services that we provide to the national vocational enterprise and assure the $5.5 million reconciliation level of support for the National Center.

Conclusions

In conclusion, I'd like to remind you that vocational education is a decentralized enterprise which has in its history repeatedly proven that it can be responsive to both local and national priorities. It is accessible to most of our population and employers and possesses a high committment to preparing and upgrading a skilled workforce. If we are to achieve our national goal of revitalizing the economy, more productive and increasingly skilled workers will be essential.

The National Center provides an increasingly effective and appropriate means for fulfilling a national leadership role in program improvement. It catalyzes program improvement efforts which are designed to influence the character and quality of the federal program investments and to impact on the state and local dollars which substantially overmatch each federal dollar. The National Center's efforts and activities provide the means for focusing federal, state and local resources on such problems as access, quality and responsiveness of the vocational education system to national priorities such as economic development. The National Center is cost effective in that it eliminates duplicate costs and accelerates program improvement. The National Center has repeatedly demonstrated positive accomplishments in the field and enjoys increasing support from key constituencies and groups. I urge this committee to accept the recommendations of the National Association of State Directors and the AVA to support the National Center at the reconciliation level of $5.5 million.

RESOLUTION REGARDING
PROGRAMS OF NATIONAL SIGNIFICANCE
FY 1982 APPROPRIATIONS

BY

NATIONAL ASSOCIATION OF
STATE DIRECTORS OF
VOCATIONAL EDUCATION

BE IT RESOLVED THAT THE NATIONAL ASSOCIATION OF STATE DIRECTORS OF VOCATIONAL EDUCATION SUPPORTS THE TRANSFER OF $1,000,000 FROM BASIC STATE GRANTS TO PROGRAMS OF NATIONAL SIGNIFICANCE WITH THE UNDERSTANDING THAT THIS AMOUNT WILL BE ADDED TO THE BUDGET OF THE NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION. FURTHER, IT IS RESOLVED THAT A COPY OF THIS RESOLUTION BE PROVIDED TO APPROPRIATE MEMBERS OF CONGRESS BY THE PRESIDENT OF THE ASSOCIATION.

SEPTEMBER 24, 1981

March 23, 1982

Honorable William H. Natcher
2333 RHOB
Washington, D.C. 20515

Dear Mr. Natcher:

The American Vocational Association endorses the Resolution of the National Association of State Directors of Vocational Education which recommends that $1 million of annual appropriations for Vocational Education State Grants be transferred to Programs of National Significance, specifically for the support of the National Center for Research in Vocational Education (see attached).

As you are aware, the National Center serves as the national resource to vocational education and related programs. Its work has advanced the state of the art with regard to research and instructional materiels development for economic development and entrepreneurship, competency-based instruction, business/industry/labor involvement, and interagency cooperation. As an observer and user of the National Center's services for several years, I can personally testify that it has consistently done quality work and exceeded legislative expectations.

It is critical that vocational education maintain the full level of services from the National Center during this period of severe fiscal constraint at local, state, and federal levels. The Resolution of the state directors of vocational education is a strong indication of their view of the quality and essential services provided by this national resource to their agencies and to the teachers and administrators in their respective states. The amount of $1 million would displace reduced funding due to inflation and Department of Education reductions and restore its annual contract level to $5.5 million.

Sincerely,

Gene Bottoms
Eugene Bottoms
Executive Director

STATEMENT OF JUDITH KOLOSKI

I am Judith Koloski, chairperson of the Legislative Committee for the National Association for Public Continuing and Adult Education (NAPCAE), and I am pleased to testify before you today in support of full funding for the Adult Education Act for Fiscal Year 1983. Our current NAPCAE President is James Miller from Columbus, Ohio, and our executive director is James Dorland. Both Mr. Miller and Dr. Dorland regret not being here. They are in Florida attending a Southern Regional Conference sponsored by our Association.

On a day-in day-out basis I am employed by the Maryland State Department of Education, and I have administrative responsibility for adult and community education programs. However, it is in my NAPCAE role that I appear before you today. NAPCAE has three major affiliated groups: the National Council of State Directors of Adult Education, the National Council of Urban Administrators of Adult Education, and the NAPCAE Council of Affiliates. It is the thousands of members of NAPCAE and its affiliates which comprise the overwhelming majority of the people responsible for developing, supervising, teaching in, and carrying out the programs which have been funded under the Adult Education Act since it was first passed in 1966.

My statement today deals with the funding of the Adult Education Act in Fiscal Year 1983. This legislation is focused upon a target population composed of people sixteen years of age and over not currently required to be enrolled in schools and who lack sufficient mastery of basic educational skills to enable them to function effectively in society or who do not have a certificate of graduation from a school providing secondary education. This is a target population of more than 53 million adults who have not completed high school and at least 21 million adults who lack the basic competencies to enable them to function effectively in today's complex society. In short, these are our "have nots."

Until last year the story of the Adult Education Act had been one of solid, steady increases in funding and in impact. Since it was first passed in 1966, the Adult Education Act has been consistently amended and extended. The 1978 amendments and the subsequent Rules and Regulations called for a significant expansion of the adult education delivery system, with the emphasis to be directed to those who are most in need of basic education. Experience has taught us that those are the hardest to reach and the most difficult to teach. As a result of those same amendments, in the past several years encouragement has been given to community-based organizations to become active in offering adult education programs. These initiatives were in addition to the longstanding services which have continued to be provided by local educational agencies.

All external reports and assessments indicate that the Adult Education Act has become a leading force in the evolution of what has become a remarkable delivery system for the education of adults. In this interdependent delivery system, all three units of government--federal, state and local--have had functional roles, and none has become dominant.

Each year this impressive record of adult education partnership is documented in NAPCAE's Public Continuing and Adult Education Almanac. I am including as an attachment to my testimony a copy of our 1981 Almanac. The information found on pages 29-37 is evidence of the continuing existence of this healthy adult education partnership. However, this pattern of steady, responsible growth has been reversed recently. Let us look at the recent funding history of the Adult Education Act.

As you know, the Adult Education Act is one of the programs which is advance funded. It reached its high-water mark in Fiscal Year 1980 when its total appropriation was $122.6 million. With the advent of stringent budget cuts, its Fiscal Year 1981 appropriation was lowered to $100 million. In the Fiscal Year 1982 Continuing Resolution the funding level was further reduced to $86.4 million. Because the amount allocated for the state grant portion--which is the heart of the Adult Education Act--remained at a constant level of $100 million in fiscal 1980 and 1981, and because of advance funding, the actual program reductions resulting from the fiscal 1982 funding of $86.4 million will not be felt until the 1982-83 program year begins this summer. The overall results of that cutback will not be available until next year. In the meantime, we are anxious to reverse the downward funding trend and to have the Adult Education Act funded at $100 million in Fiscal Year 1983.

We are well aware that the current administration has been working diligently to try to reduce expenditures and to strengthen our economy. We are also aware that a key feature of any economic recovery program is increased productivity. Basically, this can be done in two ways: by using new and more effective methods to produce goods, and/or by making better use of existing resources, especially human resources. The Adult Education Act places its total emphasis on the improvement of those human resources. This is an investment in those resources.

In addition to having to cope with the tragic consequences of substantial reductions in the funding of programs serving undereducated adults, we have been shocked to learn of the Administration's fiscal 1983 proposal to repeal both the Adult Education Act and the Vocational Education Act and to consolidate these programs in a single block grant at a greatly reduced funding level.

To date we have not heard a single argument to convince us that this would be a good move. In fact, the adult education community is strongly opposed to the proposed block grant for a number of reasons, including the following:

1. Adult education and vocational education are totally different programs serving different populations. Persons must be literate in order to participate in skill training. Among other things, adult basic education prepares people to participate in skill training. As a logical next step, vocational education is an important delivery system which can provide that training.

2. Revising the existing administrative structures for adult education and vocational education would be a major hurdle. In only fourteen states are adult and vocational education jointly administered, and in several of these states the programs are administered by different statutory agencies.

3. Cooperation between adult education and vocational education is already high. Drastically lowering the overall funding of these two programs and combining them into a block grant would not insure any more cooperation but would undoubtedly create tensions because of the intense competition for a share of a shrinking funding source.

Although we realize that this Appropriations Subcommittee does not have jurisdiction over authorizing legislation, we feel we must alert you to our strong opposition to legislation which would combine adult and vocational education. The Administration has already made such a recommendation for fiscal 1983, and you are being asked to consider that recommendation. Please reject it.

Each year the economic benefits from the Adult Education Act exceed a half-billion dollars due to savings resulting from people being removed from public assistance, from earnings for people who became employable through adult education, and in increased earnings for people who were promoted in their jobs as a result of their participation in classes funded by the Adult Education Act. That kind of benefit is a direct stimulus to our economy and should be continued at the maximum level possible.

Therefore, we have two recommendations for the Adult Education Act for Fiscal Year 1983:

1. We recommend that the Adult Education Act be funded at a level of $100 million in Fiscal Year 1983, which will simply restore it to the level at which it was funded in Fiscal Year 1981. We would recommend higher funding, but $100 million is the maximum authorization level as set in last year's budget reconciliation legislation.

2. We recommend that the Adult Education Act be continued as categorical legislation at least until the Act expires in 1984 and that adult education and vocational not be combined in a block grant.

We have tried to be responsible and pragmatic in our funding requests. Thank you for permitting us to testify with this panel today.

HIGHER EDUCATION AND NATIONAL INSTITUTE OF EDUCATION PANEL

STATEMENTS OF:

MARVIN D. JOHNSON, ADMINISTRATIVE VICE PRESIDENT FOR STUDENT AFFAIRS, UNIVERSITY OF NEW MEXICO

CHARLES B. SAUNDERS, JR., VICE PRESIDENT FOR GOVERNMENTAL RELATIONS, AMERICAN COUNCIL ON EDUCATION

MONTE E. PEREZ, DEPUTY DIRECTOR, NATIONAL COUNCIL OF EDUCATIONAL OPPORTUNITY ASSOCIATIONS

WILLIAM W. COOLEY, PRESIDENT AND PROFESSOR OF EDUCATION AND DIRECTOR OF EVALUATION RESEARCH, LEARNING RESEARCH AND DEVELOPMENT CENTER, UNIVERSITY OF PITTSBURGH

ROGER H. HULL, PRESIDENT, BELOIT COLLEGE

LINDA FLORES, EXECUTIVE DIRECTOR, COUNCIL ON LEGAL EDUCATION OPPORTUNITY

DR. RALPH C. PORTER, EXECUTIVE VICE PRESIDENT AND DIRECTOR, NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

Senator SCHMITT. Our final panel for the morning will discuss higher education and the National Institute of Education.

If the witnesses will come forward, they will represent: The Center for Asian and Pacific Studies at the University of Hawaii—oh, Mr. Uhalley will appear this afternoon. I apologize—the American Council on Education; the University of New Mexico; the National Council of Educational Opportunity Associations; the American Educational Research Association; the Associated Colleges of the Midwest; the Council on Legal Education Opportunity; and the National Commission on Cooperative Education.

Your prepared statements will be printed in their entirety in the record, without objection.

I don't know whether you've made arrangements among yourselves for a sequence. If not, I will just assign the sequence as we have it in our roster, beginning, if I may, with the chairman's privilege, ask Swede Johnson, or Marvin D., as the list says here, who is the administrative vice president for student affairs, alumni relations and development, the University of New Mexico, to lead off this panel.

Swede, it's great to have you with us.

STATEMENT OF MARVIN D. JOHNSON

Mr. JOHNSON. Good morning, Senator Schmitt. I'm pleased to be with you and I bring you greetings from your constituents in the Land of Enchantment this morning.

I am pleased to have this opportunity to report on the student assistance program in the State of New Mexico and the University of New Mexico. In my opinion, and in the opinion of families of students in New Mexico, reductions in student assistance programs means the removal of access to postsecondary education. Families in New Mexico are heavily dependent upon Federal student assistance. Because of that dependency, they are also most appreciative of these funds to date which have been provided by this Congress.

However, we are most alarmed by proposed 1983 reductions for funding, which can, and would, eliminate the opportunity of an education for thousands of New Mexicans. Forty-four percent of all our students in New Mexico receive some type of Federal student aid.

As a State, New Mexico ranks in the lower 15 percent in per capita income and can ill afford to lose up to 50 percent in Federal assistance to students. We are currently ranked in the top 10 States, however, in per capita contribution to postsecondary education. In fact, the New Mexico legislature, in its last session, created and funded a Work-Study Act in support of its students. This action makes New Mexico one of a very few States which support at the State level all three basic assistance programs of work, grant, and loans for our students.

In comparing the academic year 1980–81 with proposed 1983–84 projections, I have attached tables, Senator, of the impact on public, private, 2-year and vocational institutions in our State. The final result is the elimination of an unduplicated 12,150 students from participation in campus-based, State grant and Pell grant programs. Should this actually occur, it will have a devastating effect on students, families, and the educational process in New Mexico.

Our students at UNM come from families with a median income of $20,000 per year. This is $6,000 a year below the national average for students attending institutions of our type and size. Much has been said about working while in school. We can state that at UNM, 16,000, or 70 percent, of our 23,000 students are employed and providing self-help toward their college expenses.

Unfortunately, the cost of education today is so significant, that a part-time job alone will not cover a student's expenses while attending college.

The administration proposes a 47-percent reduction in funding for 1983–84, which could result in 4,000 UNM students losing access to the educational process. Many of these individuals are the first generation to have an opportunity to attend college.

Finally, it is mainly through graduate and professional education that we are able to remain the most technically progressive Nation in the world. Elimination of these students from the GSL program would certainly jeopardize this position.

Surely America's energy is mindpower. Thank you very much, Senator Schmitt.

Senator SCHMITT. Well, thank you, Swede. We appreciate the testimony, all of which will be in the record. As you are aware, my recommendation to the Full Committee and passed on to the Budget Committee is that we try to hold at fiscal year 1982 levels at this point in the student financial aid programs, for the most part, searching for ways to increase the totals, if we gain some control in the entitlements area.

Also, we are examining—I haven't had a chance to talk with you or others yet much about it, although in the hearings we discussed it with Secretary Bell—examining ways in which we can use the Federal dollars, at least some of them, to leverage increased work study type programs within the university system.

That is under examination now and whether we'll be able to do that this year or not is open to question, but we are examining that and it may turn out to be a way to get total dollars at considerably higher than what can be provided while we're in this period of economic recovery.

Mr. JOHNSON. Thank you.

Senator SCHMITT. The next witness this morning is Mr. Charles Saunders, vice president for governmental relations of the American Council on Education.

STATEMENT OF CHARLES B. SAUNDERS

Mr. SAUNDERS. Thank you, Mr. Chairman. I am happy to be here this morning to testify on behalf of the American Council on Education and a dozen other associations which represent all sectors of higher education. Our testimony is before you and I don't think I need to amplify that. I think Swede Johnson's testimony you've just heard provides a very precise sampling of the effect of the administration's budget in a particular State.

Our testimony provides some more national figures on the impact. I think the testimony you've just heard and will hear throughout today will provide a very useful corrective to the impression that the administration has been trying to create in its testimony before this committee in recent weeks, that the nature of the cuts isn't all that bad and that, really, the effect of the administration's proposals in student aid have been overstated.

On April 15, Secretary Bell told your committee: "The adjustments in student aid are not large."

Now I don't know how he can reach an assessment like that when we're talking about proposals for a 40-percent cut in Pell grants and complete elimination of supplemental grants and Federal contributions to direct loans and State student incentive grants, and a 28-percent cut in work study.

President Reagan, last week, in his televised address, said that under the administration's proposal there would be 7 million loans and grants for college students, of which there are 11 million. That seems to create the impression that this administration is anxious to provide assistance for 7 out of 11 college students. In fact, the President's statement confused grants with the actual number unduplicated count of students receiving awards. In actual fact, there are now, we estimate, about 5½ million of those 11 million students who are on student aid and under the President's proposals, that number would be cut to about 3.8 million students.

So there has been a lot of misinformation provided in recent weeks, along with the claims that the press has not been accurately portraying the administration's proposal. And I think that those matters are addressed in my testimony.

I would just like to say that the basis for the administration's claims really lie in its over-optimistic assumptions of what will take place under the auxiliary loan program. The administration assumes that those

650,000 graduate students, for example, that it would make ineligible for guaranteed loans would simply walk over and collect an auxiliary loan and would therefore have no problem financing their education.

Now I think this is a matter that really needs careful consideration. The administration is estimating that the auxiliary loan program will provide loans for 1.7 million students in fiscal 1983, borrowing at the volume of $4.4 billion. When they add that up, they assume that really overall, there isn't much loss of total student assistance out there.

In actual fact, the congressional budget estimates that not 1.7 million students, but 277,000 students will be able to borrow in 1983 from the auxiliary loan program. And they will borrow, not $4.4 billion, but about $700 million. That is the difference. Even the CBO estimate is over-optimistic because our figures show that, currently, only 16 States are making auxiliary loans and in only 10 of those are loans being made to students.

The simple fact of the matter is that we have heard from banks increasingly in recent weeks that they are not interested in participating in that program under those conditions which are not conducive to early payback for people who are in school.

So I simply wanted to make that point on the record, as well as reiterating the point of our testimony that the administration budget would critically restrict postsecondary opportunities throughout the country and we urge funding of those programs at the level of the Reconciliation Act.

Thank you very much.

Senator SCHMITT. Thank you, sir. Do you have any advice for the committee relative to guaranteed student loans? We are going to have a supplemental of $1.3 billion this year. That's considerably higher than the administration projected, but that's a realistic number of the additional cost. And even with the reconciliation language of last year, that program is still growing.

Mr. SAUNDERS. Mr. Chairman, I think there are some hopeful signs now that the Reconciliation Act changes made last summer have achieved control of that program. Those will not become immediately apparent for another few months. But despite the administration's estimates that the program will continue to expand this year, our understanding is that there is likely to be a substantially decreased volume this year because of the changes made by the Congress last year.

Specifically, the New York State Lending Agency has done a study of its borrowers and it estimates, on the basis of preliminary information, that the restrictions in the program imposed under the Reconciliation Act will produce a decline in volume of about 21 percent in New York State this year.

Now New York State represents about 15 percent of the total national volume in the program. So I think that that is an encouraging sign. We are arguing as strongly as we can with your colleagues in the Budget Committee at this very moment that we think it would be very dangerous to make further restrictions in the program when we really aren't able to say as yet just what the total effect of the changes made last year are.

Senator SCHMITT. Well, the Budget Committee doesn't do that. They may ask.

Mr. SAUNDERS. They make assumptions about changes, yes.

Senator SCHMITT. They may ask the Authorizing Committee to do so through a reconciliation measure. They make certain assumptions. But the version is finally transferred right down here. That's where the buck stops in this case. It goes downward, rather than upward.

Mr. SAUNDERS. The assumption made in Senator Domenici's remark, as I understand, what they're working on this morning, would assume the elimination of the in-school interest subsidy.

Senator SCHMITT. Well, again, we can't deal with those kinds of assumptions. There is a lot of the world that tries to, but they do not have the authority to do that. I know what Pete's trying to do and I'm supporting him in it. But we still have to make the trade-offs down here. We get a certain mark eventually through our Appropriations Committee and we have to figure out what to do with it.

One of the things we might do, for example, if we can gain a majority, is to increase the initiation fee for guaranteed student loans and transfer that money within the 1982 overall funding level into Pell grants or some of the other programs.

Mr. SAUNDERS. We would be concerned, of course, that that, in effect, doubles what the students would have to pay to borrow.

Senator SCHMITT. But it would free up on the order of $300 million for these other programs.

Mr. SAUNDERS. It would not do any serious damage to the program. I mean, you would have serious damage if you eliminated the in-school interest subsidy or eliminated graduate students from the program, for example.

Senator SCHMITT. OK, thank you. If we can recess for just 1 minute.

[A brief recess was taken.]

Senator SCHMITT. Back on the record. Our next witness is Dr. Monte E. Perez, deputy director of the National Council of Educational Opportunity Associations.

STATEMENT OF DR. MONTE E. PEREZ

Dr. PEREZ. Thank you very much, Senator Schmitt.

We would like to express our appreciation on behalf of the National Council of Educational Opportunity Associations. We represent counselors, teachers, and administrators serving low-income, first-generation, disadvantaged students throughout the country.

I would like to talk about the TRIO programs or, as it's known, the special programs for students from disadvantaged backgrounds, subpart 4, title IV. This program consists of five major programmatic areas: First, Special Services— Upward Bound, Talent Search, Educational Opportunity Centers, and a training program for the professionals involved in these programs.

Their charge is to identify qualified individuals from disadvantaged backgrounds to prepare them for a program of postsecondary education, to provide special services for such students who are pursuing programs of postsecondary education, and to train persons serving or preparing for service in programs or projects so designed.

The administration proposes a major reduction in fiscal 1983, currently at $150 million, to approximately $82 million. This represents a 63-percent cut in Upward Bound, a 12-percent cut in Special Services, and the elimination of the Educational Opportunities Center, Talent Search, and training authority.

This translates in 1 year into a reduction of services and a reduction of students of about 350,000 students; 143,000 of these students are black students, 73,000 are Hispanic, and 104,000 are poor white.

There are two major areas that TRIO has been focusing on, principally, in the past 15 years. Access is very, very important. These programs provide information and support in obtaining entrance into postsecondary education. We have found that approximately 20 percent of black and Hispanic students who have gone to college have received help from Talent Search and Educational Opportunity centers.

Retention is another area that we are very involved with. A recent study by the Department of Education Systems Development Corporation has found that college attrition has been cut in half by the special services programs. The Research Triangle Institute, in a recent study they completed on Upward Bound 2 years ago, found that of the Upward Bound participants, 91 percent involved in Upward Bound went on to postsecondary education, with 73 percent of those students in 4-year institutions.

The cost of these programs, per student, per client, the median cost for Talent Search is $86 a year. Upward Bound is $1,700. The Educational Opportunities Center is $75. Special Services is $407 per student.

We believe that this minor investment has high return for not only postsecondary education and the families and communities involved, but for society as a whole. It's a high productivity program and a great reinvestment back into the work world and society.

Therefore, we recommend $170 million for fiscal 1983, which is the reconciliation figure. This basically represents a 6.8-percent adjustment for inflation for fiscal years 1982 and 1983 and also would continue the current level of service, the current numbers of students of what we have in our program.

We appreciate this opportunity to give you our story. Thank you.

Senator SCHMITT. Thank you, sir. Our next witness is Mr. William Cooley, president of the American Educational Research Association.

STATEMENT OF WILLIAM W. COOLEY

Mr. COOLEY. Thank you very much, Mr. Chairman. I am from the University of Pittsburgh and, as you indicated, I represent the American Educational Research Association. But I also represent the Coalition for Educational Research. I think that that is a very important point.

We now have a large group of teachers, parents, administrators who agree with researchers that it is important to maintain the program of research that is underway that the National Institute of Education is supporting.

We couldn't have done this easily if, just a very few years ago, there was not a lot of support for educational research. It's large now and it's growing and I think that that is an extremely important point.

We feel that the committee should appropriate funds for NIE at the full reconciliation authority. As you know, this is down 40 percent in only 2 years. The $55 million covers the present commitment; that is, at least 96 percent of that would have to be used for present commitments. We think that this is an extremely important amount of work that is being done following the lines of inquiry that are outlined in the statement. So I am just going to highlight a few things that are in this detailed statement that has been given to the committee.

One of the things that's important about the work that NIE is currently funding and plans to fund in 1983 is that it has had education and research community involvement in its determination. And that's a very important point. It has also produced significant improvements in educational practice. That is why we are able to get a coalition of practitioners behind us when we testify on NIE's behalf.

The submitted statement spells out the kinds of improvements that we have brought about in educational practice in the last decade.

We have another point to make this morning and that is that we urge the committee to assure the continuation of broad involvement in NIE planning for 1984. We feel that the priorities that NIE pursues should be consistent with the congressional mandate, that they should reflect practitioner needs for information on pressing problems in education, and that they should reflect the policy requirements that Congress and others have as they try to improve educational policies at all levels.

We also feel that it is particularly important to involve the research community in terms of developing strategies for attacking these problems. And we are concerned that NIE continue this practice of involving the broader community in the determination of their plans.

Let me just illustrate that with an example. You mentioned leverage a little while ago. One of the things that is happening in school districts now is that they have evaluation groups working within districts that are actually spending more than NIE has available to it.

What they have primarily been doing are studies that would help the school districts justify the continuation of Federal programs; that is, they are required to do studies that would help with ESEA title I moneys, the bilingual moneys, and so on. That type of study does not tend to identify ways in which programs can be improved.

What NIE might support, for example, is a very concerted effort to help local evaluation groups design studies that will be more improvement-oriented, of more direct benefit to local education planning and program improvement.

We think that NIE could be supporting research like that. Currently, what is on their plans for 1984 is, for example, still another study, this time at $300,000 instead of the $1 million spent already, in trying to understand the impact of ESEA title I.

We think that this kind of example is what can come out of a broad dialogue about what research is needed and how it might take place, and we're very concerned about that point.

But we strongly support the 1983 funds. We know that it's going to be used in ways that will benefit educational practices and it has a proven track record.

Thank you, sir.

Senator SCHMITT. Do you support labs and centers?

Mr. COOLEY. I work at a center, and we certainly feel that they have done very significant work. The American Education Research Association, has come out in favor of continuing institutional work, but, of course, with fair and open competition.

Senator SCHMITT. With the university community.

Mr. COOLEY. Pardon?

Senator SCHMITT. Fair and open competition with whom?

Mr. COOLEY. Well, with respect to the particular research topics that NIE feels——

Senator SCHMITT. Do you think that the balance between labs and centers and university-affiliated activities is about right today?

Mr. COOLEY. No, I don't. I think that, given $50 million, that that is part of the concern, of course, that too much of NIE funds is going into lab and centers and there's not enough going into other things. We would agree with that, if that's your question.

Senator SCHMITT. I'm not talking about a specific amount. I'm talking about the balance.

Mr. COOLEY. We think that there should be a strong balance of institutional support, of field-initiated grant programs, where the creative ideas in the field can come forward and be approved or disapproved, and recognizing the importance of NIE, where it has the in-house capability to find requests for proposals; that is, specific study, that that is also part of the picture. But the balance now is out of sync because of the reductions that they have had to experience.

[CLERK'S NOTE.—Subsequent to the hearing, the American Educational Research Association requested the following material be inserted in the record.]

LETTER FROM DAVID H. FLORIO, PH.D., DIRECTOR OF GOVERNMENTAL AND PROFESSIONAL LIAISON, AMERICAN EDUCATIONAL RESEARCH ASSOCIATION

May 11, 1982

Honorable Harrison Schmitt, Chairman
Labor, HHS, Education Subcommittee
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

We are responding to your invitation, provided at the Subcommittee hearings on May 6, to submit additional information and responses for the hearing record. AERA President William W. Cooley referred, in his testimony, to a coalition statement in support of the National Institute of Education and other Education Department research programs. We are enclosing that statement with a request that it be inserted in the record following Dr. Cooley's written statement.

In addition, you asked what Dr. Cooley thought of NIE supported centers and laboratories and about the current funding allocated to those institutions. As our statement and policy note, we believe that the distribution of NIE funds should be determined through an open competitive process (including all eligible bidders) and by peer review (including researchers and those responsible for educational practice). We oppose legislative designation of funding recipients and research competitions should be mounted following an open planning process which includes researchers, practicing educators, and others responsible for education policy. An appropriate competition for research funds should be fair to both current and potential funding recipients. Therefore, labs and centers, as the NIE statute provides, should be eligible to compete for any of the NIE awards.

Our Association strongly supports both individual grants and contracts and long-term, programmatic institutional research. A fair and open planning process and set of competitions would lead to: 1) a balance of types of procurements, 2) competitions focused on important topics and those likely to produce results, and 3) awards allocated to the most competent researchers or research organizations.

We thank you for this opportunity to add to our statement and would be pleased to provide any additional information or clarification that you may request.

Sincerely yours,
David H. Florio
David H. Florio, Ph.D.
Director of Governmental
and Professional Liaison

STATEMENT OF THE AMERICAN EDUCATIONAL RESEARCH ASSOCIATION

Our statement to the Senate Subcommittee on Labor, HHS, and Education Appropriations presents our case for the National Institute of Education (NIE) and other inquiry programs within the Department of Education: National Center for Education Statistics and applied studies concerning ESEA Title I, education of the handicapped, bilingual education, and vocational education. The statement is made on behalf of the more than 14,000 members of the American

Educational Research Association and other associations in the Coalition for NIE and Educational Research (see list on the cover sheet). Our statement focuses on NIE; however, we have attached a fact sheet describing other important inquiry programs in the Education Department (ED).

WE STRONGLY URGE THAT THE MEMBERS OF THE SUBCOMMITTEE SUPPORT THE NATIONAL INSTITUTE OF EDUCATION AND RELATED E.D. STUDY PROGRAMS AT AMOUNTS NO LOWER THAN THE RECONCILIATION AUTHORITY FOR THEIR FY83 APPROPRIATION. THESE LEVELS ARE AT OR SUBSTANTIALLY BELOW BOTH THE FY80 AND ORIGINAL FY81 APPROPRIATIONS. RETAINING AN APPROPRIATION AT THE RECONCILIATION LEVEL WILL ALLOW THE RESEARCH COMMUNITY TO MAINTAIN THE HIGHEST PRIORITY AND MOST PROMISING INQUIRY EFFORTS OVER THE COMING YEAR.

The National Institute of Education (NIE) and other federal education research and development programs lost, in the aggregate, over $50 million or -40% last year. NIE alone suffered a 28% cut (-33% from its FY79 level) in actual funds. These cuts all but eliminated new starts in critical areas of inquiry. If NIE is to maintain its status as a valuable national resource, it must support inquiry in clearly anticipated areas of national need. The Administration's budget request ($53.6 million) would exceed FY83 commitments by only $3 million. This would severely constrain NIE's ability to engage in new efforts focused on:

-- the improvement of the nation's secondary (jr. & sr. high) schools.

-- effective use of new information technologies (microcomputers and electronic communications) to advance school learning and instruction.

-- teacher personnel practices and ways to attract and maintain school and college faculties in areas of current or potential shortage: mathematics, science, and foreign language.

-- improved school leadership, particularly principals, in order to implement what we have learned from effective school and teaching studies.

-- understanding the elements of computer and technological literacy needed for the nation's future work force.

-- cognitive science, the study of thinking, and its application to advanced academic skills, such as, math and science problem-solving, reading comprehension, and written composition.

-- ways to assist institutions of higher education faced with declining enrollments, rising costs, and cuts in student aid.

The cuts in educational research across the federal government and the proposed elimination of education research programs in the National Science Foundation have increased the need for NIE to have an adequate budget to support a full range of studies. The $55.6 million FY83 reconciliation authority is the same as that proposed by both the House and Senate Appropriations Committees for FY82. This level of support will allow NIE to meet its commitments while having limited funds for competitions related to the most pressing national needs (grants competitions and institutional agreements).

We know there have been questions related to NIE plans for research funding and competitions. The Committee's insistence that NIE focus on congressionally mandated priorities and that NIE support institutional competitions based on the most productive work currently funded will assure that the Institute's appropriated funds are well spent.

NIE has matured into a vital national resource for American education. The following summary describes important contributions praised by school and college educators from large cities to remote rural areas and from a variety of state education and legislative leaders. The summary also includes the promising work underway or needed.

Effective Schools

(contributions)
Studies have identified characteristics of effective elementary schools (particularly as they provide reading and mathematics learning in difficult settings). Action research studies are already providing valuable information on the use of research evidence to improve city schools.

(promising work)
The next phase of the "effective schools" study effort is to explore effective high schools and provide information related to the implementation of improvement efforts based on what is known about elementary schools. This is being done by combining evidence from school studies with that from human resource management and organization studies sponsored by NIE.

Successful Teaching & Cooperative Studies Among Researchers & Teachers

(contributions)
Advances in reading and mathematics achievement at the elementary level can, in significant ways, be attributed to research on direct instruction and time management, mastery learning, and teaching effectiveness (including the introduction of new material or ideas, assessment, practice, and independent learning). At the end of February (1982), a major conference on the "Implications

for Teaching Practice from a Decade of Teaching Research" was held in Virginia by NIE. The results of that meeting of researchers and educational practitioners will be used throughout the country.

(promising work)
Building on teaching effectiveness studies, cooperative applied research involving teachers and researchers is already demonstrating the useful application of educational inquiry to classrooms across the nation. Recent successes have been reported in Texas, California, Pennsylvania, Michigan and Illinois.

Competency Testing and National Assessment

(contributions)
NIE's studies, conferences, and clarification hearings (aired over public television) have greatly increased the public and education community's understanding of the use of competency tests to assess student learning. Teacher organizations, school boards, state education agencies, and public television stations in 40+ states have seen or will see the issues clearly discussed. NIE also supports the National Assessment of Education Progress (NAEP) which provides a national and regional barometer of student learning in reading, mathematics, writing, science, and other important areas of instruction and learning.

(promising work)
Several states have used the National Assessment test items to develop and improve their own state assessment programs. Parents continue to use booklets describing types of school tests and their proper uses. NIE is also focusing on the use of tests applied to teachers.

Reading Comprehension and Textbooks

(contributions)
NIE-supported reading and literacy studies have already discovered critical problems in reading instruction and learning (primarily in the area of comprehension). What is more, researchers, teachers and school administrators, textbook publishers, and textbook adoption groups are working together to improve instruction and teaching materials. The emphasis on basic reading skills has been successful; however, instruction and learning materials have neglected or constrained student growth in reading comprehension. A major conference of researchers and publishers initiated efforts to revise reading texts and workbooks.

(promising work)
Reading researchers are meeting with chief state school officers, teachers, publishers, and state textbook adoption committees to improve the quality of materials used in schools and to assure that statewide basic reading series include the content that will stimulate improved comprehension. School-based educators from a small town in rural Montana to the Chicago and New York public schools have praised the work of NIE-supported researchers. In the coming years, these researchers will study ways to use computers to assist in reading instruction, develop better teaching guides on comprehension, and explore literacy problems in higher grades.

Computers to Assist School Learning

(contributions)
NIE and the National Science Foundation have conducted cooperative studies on the instructional uses of hand-held calculators. NIE's calculator information center provides information and "state-of-the-art" papers to teachers, administrators, and parents on the use of calculators in mathematics and statistics courses at the secondary and undergraduate levels. Micro-computers have also been studied under NIE/NSF cooperative grants. Positive uses for

student motivation, acquisition of computer literacy, and drill have been discovered as supplements to classroom instruction. NIE has also helped the Navy develop and implement a computer-assisted literacy program for its recruits.

(promising work)
The use of micro-computers in the instruction of mathematics, science, and reading comprehension are current subjects of inquiry supported by NIE. The NIE-initiated Urban Superintendent's Network recently hosted a conference with computer hardware producers to explore the development of software packages for instructional use. This conference helped to loosen the current deadlock between school educators and computer producers ("I will not purchase the equipment until you assure me that there are course programs to use with it." & "I will not invest in program development unless I am sure of a market for the hardware."). This cooperative project will draw upon research in the area of computer assisted instruction (provided that NIE has the funds to support such work).

The Study of Thinking (Cognitive Science)

(contributions)
Cognitive science or the study of human thinking has already provided the basis for learning and instruction improvement in the areas of reading, mathematics, and child development. A relatively new field of inquiry, the study of thinking related to educational practice is one of the most promising for both classroom instruction and the use of computers to aid student learning. A recent article in the New York Times Magazine ("How the Mind Works," M. Hunt 1/24/82) cited 10 leading researchers in this field who have been or are supported by NIE, including Nobel Prize winner Herbert Simon at Carnegie-Mellon University.

(promising work)
By studying the ways that both experts and novices deal with problems in mathematics and science, thinking researchers are discovering ways to assist learners to develop essential academic skills: problem solving, inferential thinking, learning from errors, learning new concepts from textbooks, and so on. These skills are essential if we are to advance students' abilities to be productive learners in higher grades and college or to be productive in an increasingly technological and sophisticated society.

Improvement in Writing and Composition

(contributions)
NIE studies on writing in secondary schools, work with the National Council of Teachers of English, and National Assessment have been instrumental in focusing state and national attention on critical problems of students' written composition. Studies have led to increased use of writing in a wide variety of school courses.

(promising work)
NIE studies are combining the work on school-based writing with the thinking research on analytical and interpretive skills. NIE studies have also pointed out the negative effects of some testing procedures (emphasis on short, simplistic written responses to the neglect of composition).

Services to the Congress

(contributions)
NIE has already been praised by the education committees in both bodies of the Congress for its policy studies on ESEA Title I, vocational education, safe schools, rural education, and education and youth employment. What is not well known are the contributions that NIE makes to Congressional support offices like the Congressional Research Service and the General Accounting Office. CRS is one of the most frequent users of the NIE library and the General Accounting Office has been assisted by NIE's studies on evaluation of educational programs.

NIE has also supported studies on tax credits, tax limitation, federal grants consolidation, the impact of court cases on education programs and agencies, the federal role in education, bilingual education, desegregation, and other issues of importance to the members and staff of the Congress. NIE houses the congressional mandated school finance study which will provide some of the most up-to-date information on the effects of recent legislative changes on state and local education agencies.

(promising work is ongoing as these subjects and issues are updated and explored)

Services to States

(contributions)
In addition to educational assessments (NAEP) and other studies of general importance to state education agencies, legislators, and governors, NIE has provided direct grants to state legislatures and agencies to: a) assist in the development of school finance programs (often in response to court decisions), b) development of state capacities to deliver research information to local school systems, c) provide legislators with information related to the effects of state statutes and regulations on the operations of local school systems and schools, and d) the effect of case law on state education programs and statutes.

(promising work continues to be provided in annual updates on the fiscal status of different states, work with state legislatures, National Assessment, and state boards of education. The chief state school officers regularly include NIE among their most useful resources.)

Services to Parents, Teachers, Administrators

(contributions)
NIE has supported the development and distribution of general circulation information related to reading and math instruction for teachers, information on testing and its use for parents, and "user" files from the 16 education resources information centers (ERIC clearinghouses). The "Research Within Reach" series and "Time to Learn" monograph (summary of teaching effects research), "Your Child and Testing", and "Safe Schools" study reports have been used across the nation. ERIC information centers are used over 2.7 million times a year by teachers, administrators, those who prepare teachers, state education agencies, college students, researchers, and other educators. Regional laboratories, information exchanges, and cooperative researchers/teacher projects also have provided services to state and local educators.

(promising work - threatened by budget cuts - is in the area of research translation or the preparation of information based on what is known in a particular area of inquiry or on a specific educational issue)
NIE, in addition to the Urban Superintendent's Network, is also working with city research and evaluation directors, teacher associations (including those focusing on reading and mathematics), and others responsible for the delivery of educational services (including regional exchanges involving state education agencies and within-state service agencies).

Services to Institutions of Higher Education and Postsecondary Learning

(contributions)
NIE has provided higher education officials (at both the state and institutional levels) with periodically updated information on costs (the "annual higher education price index"), state fiscal capacity related to higher education support, a comparison of higher education support among the 50 states, and other policy-relevant information.

(promising work)
NIE will continue to provide higher education information to state and institutional policy-makers. Promising work includes studies of return on education investment, postsecondary education and the private sector, and

education and productivity. Some of these efforts, however, are threatened or limited by cuts in the NIE policy and program budget.

Saving a National Resource

The legislative charter for the National Institute of Education calls upon NIE to help achieve the United States policy "to provide every person with an equal opportunity to receive an education of high quality." Although the set of accomplishments, listed above, does not exhaust NIE's portfolio, it does demonstrate the current value and resource potential of the Institute related to its staturory mandate. The budget climate endangers research programs because their benefits, while often more lasting, are stretched out over several years and few jobs or direct services are provided by research funds. NIE and other education research programs have been cut to only the essentials. In some areas of inquiry, even the essentials have been hit. Even with our funding request, many areas of inquiry will be forced to live with syntheses of existing studies, or "one-shot" studies.

We ask that the Congress take the leadership to provide basic funding for NIE and the other ED research programs. We also ask that the Congress work with the research community to assure that the most productive and promising work of the Institute is supported, through research competitions and continued support of vital inquiry projects. It would be of little use for the Congress to assure access to education without a similar assurance that the education is of high quality.

Thank you for this opportunity to present our views.

STATEMENT OF ROGER H. HULL

Senator SCHMITT. OK, thank you, sir. The next witness is Roger H. Hull, president of Beloit College.

Mr. HULL. Thank you, Mr. Chairman.

Senator SCHMITT. You pronounce it Bel-oit out there, am I right?

Mr. HULL. That's right. I feel like the little boy on the block in terms of what you have heard today. The programs that we are speaking of range greatly in dollars. The one I am speaking to is one which represents only $2 million. And as the president of a small liberal arts college, in testifying on behalf of 25 other colleges, we still are the little boys on the block.

We recognize, too, Mr. Chairman, that funding cannot always continue unabated. We recognize that the ostrich approach isn't going to work. In our case, at Beloit, we have taken the opportunity to look very hard at our programs and to try and come up with some imaginative alternatives. The question you posed a few moments ago about guaranteed student loans, we don't propose that we have the answer. But one of the things that we have tried to do that has helped us this year and that has enabled some 50 schools across the country to follow suit is to come up with what we call a moral obligation scholarship program.

That program provides, in effect, for an alternative to loans. We seek funds from corporations and foundations and make those funds, beginning this fall, available to students and advise those students that they have a moral, and not a legal, obligation to repay those scholarships. We feel that they will and we feel that we will end up with a revolving fund that is far larger than the initial dollars put in.

Senator SCHMITT. Is there any interest at all in the scholarship?

Mr. HULL. There is no interest. However, what we are asking and what we are advising our students is that there be a 5-year grace period as there is with loans and that the repayment be made at the same proportion of tuition as their grant represents. So that if tuition does go up, you have built in inflation and, in effect, interest.

The reason that I think this will work is, very simply, that what you have provided is something which is tax-deductible; a loan payment is not. But because this is not a legal requirement, but a moral obligation, it's something which is, in point of fact, tax-deductible.

Senator SCHMITT. It becomes a contribution.

Mr. HULL. Yes, sir, and you end up building up a revolving fund and you end up, for our friends at New Mexico and at the Beloits of this country, with a revolving fund which increases alumni participation and ends up building a fund for future generations of students.

It's not the answer to the question you posed. It's not the answer to all of our problems. But it's a partial answer to the type of thing that we feel we have to do.

That is by way of a digression, but I wanted to offer that comment because I think all of us in education have to come up with more imaginative ways of dealing with the problems that we all face.

Senator SCHMITT. That's a very intriguing idea and that also would dovetail, then, with increased tax incentives for corporations and other interests to contribute to colleges and universities.

Mr. HULL. That's correct.

Senator SCHMITT. Have you thought of trying to, at least in part, if you'll pardon the word, leverage additional student work on or off campus with these scholarships?

Mr. HULL. We are working on that also. We're trying to rethink, in fact, the whole concept of financing higher education, and I would hope that we would have some new ideas to offer by the end of the summer.

Senator SCHMITT. Well, we'll look forward to hearing from you. Please proceed.

Mr. HULL. Thank you. I'm sorry for the digression, but I couldn't miss the opportunity to try to respond to your earlier question.

I think that it's clear that the amount of dollars that we are talking about, the $2 million that is provided for undergraduate educational grants in the international education area are not the types of grants that will mean the survival of institutions. They really have little to do with the survival of colleges across this land.

But the question is: Can the U.S. interest best be served if those programs are cut out?

Clearly, there are two types of international education that have been funded in the past by the Federal Government: The first, graduate training and the preparation of specialists; the second, the programs in undergraduate liberal arts colleges across the country that prepare students for those graduate programs, but also for a wide range of careers.

It's crucial, as far as we're concerned, that we not abandon the latter for the former, since an educated citizenry is as much needed, if not more, than educated specialists.

Undergraduate programs offer, in effect, the last opportunity for most students to receive a learning experience that will give them a far broader world outlook that all citizens need today. If there was ever any question about it, then the El Salvadores and the Nicaraguas and the Falkland Islands seem to bear that out.

Of significance, too, is the fact that most of the Nation's elementary and secondary school teachers are trained only at the undergraduate level. The impact that they have on millions upon millions of young people across the land is obvious and it's clear that if they don't have this training, they can't do their jobs efficiently.

It, therefore, would seem short-sighted to limit support for international education to simply the graduate level, where students have a more specialized and focused approach. Before that specialization can occur, at least before it can occur in any meaningful way, the student must have a general base from which to develop his more narrow expertise. The way we feel that base can best be established is through international affairs programs at the undergraduate level.

As I stated a few moments ago, we value our independence. But we also recognize that we live in a world in which one of the facts of life is interdependence. Just as the Government and the people of this land need colleges like Beloit to provide an important alternative to public education, we need your support if we are to sustain programs and meet the demands of our time.

While undergraduate colleges should recognize the relative priority of international studies against other programs in these fiscally challenging times, the fact is that if the Government retreats from programs like this, it signals a societal judgment which will make it very, very difficult for college administrators to hold their ground. And, in the end, that lost ground is costly to all of us.

As a subcommittee, as a Full Committee, as a Senate, to debate the importance of programs like this, the questions to be asked are very simple. One, can we afford the program? Two, perhaps less obvious, how can we not afford it?

Thank you, Mr. Chairman.

Senator SCHMITT. Thank you. The only point I might disagree with a little bit philosophically, and we can't debate it here, is whether Government really should be considered as setting any societal trends. I hope Government hasn't gotten all-pervasive and omnipotent that it's going to set the trends for our society. If it does, we're in serious trouble.

Mr. HULL. The only footnote I would like to add, if I may, is that these programs are financially drops in even our bucket. But the fact is, to the extent that they are cut back, it does seem to give some priority to what our needs are. We would clearly try to continue them. But with the pressures along the lines of what we have heard this morning, it would be very difficult, I think, to continue them. And if they are not continued, then I think we're all the losers.

Senator SCHMITT. As you indicated, you are imaginative and I hope that you are not going to go around saying that the Federal Government is the one that is leading in these areas. It should be assisting in providing services, but not leading.

Mr. HULL. I concur.

Senator SCHMITT. It's just too uncertain a leadership. [Laughter.]

Ms. Linda Flores, executive director of the Council on Legal Education Opportunity.

STATEMENT OF LINDA FLORES

Ms. FLORES. Thank you. Good afternoon. I appear before you today in my capacity as both the executive director of the Council on Legal Education Opportunities and perhaps more significantly, as a CLEO fellow, to discuss the program's fiscal year 1983 appropriation and to address factors which make this program so important to the Nation, as well as the CLEO fellows who benefit from it.

Although you are familiar with the program's purposes and objectives, it is nonetheless important for this subcommittee to have a complete understanding of CLEO's vital role in providing continued access to the legal profession for the economically disadvantaged and why, in this era of reduced Federal spending, Congress should nevertheless continue its support of CLEO as a sound financial policy.

CLEO was formed in 1968 as a joint effort of three national bar associations and two national institutions representing legal education and accreditation. As you know, CLEO was created to redress the dramatic underrepresentation of minority and economically disadvantaged groups within the legal profession. The concerns of 1968 were concrete: Less than 1 percent of the lawyers of this country were black and the comparative figures for other minority and disadvantaged groups were even more discouraging.

Today, these concerns are still compelling, with the total of minority lawyers in 1981 at only 4.4 percent.

The CLEO program seeks to redress the underrepresentation of minority and economically disadvantaged groups within the legal profession through academic summer institutes which serve as an alternate mechanism for assessing within the law school environment itself the potential of each program participant for the study of law and the provision of annual stipends presently set at $1,000 a year.

Since its inception in 1968, the program has operated as a model for the present administration's efforts towards greater fiscal austerity coupled with substantive achievement. CLEO has long complied with the recently articulated three-pronged test set forth by the administration for continued Federal support of worthwhile programs: demonstrated success; fiscal integrity; and substantial elements of volunteerism in the program.

Since 1968, CLEO has provided an opportunity for law study to some 3,067 students. Available data demonstrates that CLEO fellows have attained an impressive record of achievement, including performance within the academic arena of law school, bar performance, and, most importantly, the employment activities of the program's graduates.

The program has produced more than 1,800 law graduates involved in a broad spectrum of legal and law-related activities, including lawyers, public interest, private and corporate, judges, estate representatives, law professors, executive administrators in various fields, congressional staff, and others.

The program has demonstrated as well its cost effectiveness. In the last 8 years, the program has continued to service successfully its disadvantaged student population with virtually no increase in the amount of Federal allocation. Judicious cost-saving measures have been implemented over the past several years, with an eye toward fiscal austerity, including executive staff salary freezes and a significant reduction in program staff from 10 to 5. A careful review of the program's budget already reveals a barebones operation.

The annual stipend of $1,000 for each successful institute participant, although inadequate by today's standards, provides a minimum of Federal support for the truly needy students that the program services.

The final prong of the administration's test has also been met: Since CLEO's inception, the Federal support has served as seed money for generating the revenues necessary for conducting the summer institutes from the law school community. Initially, the non-Federal share represented between 20 to 30 percent of the total summer institute costs. However, over the last several years, the ever-spiraling costs of legal education, coupled with the effects of inflation, have thrust an even greater share of the institutes' operating costs upon the law school. Given the fixed level of Federal support, the law school community now absorbs approximately 60 percent of institute costs as a demonstration of their commitment to the program. The law schools, without Federal assistance, cannot maintain the academic institutes while themselves facing reduced education budgets.

In addition, the law schools also provide some tuition scholarships, as well as other forms of financial support to CLEO fellows in recognition of the fellows' marginal economic stability. At a time when legal education is, itself, in a difficult fiscal situation, it is extremely important to realize that the $1 million of annual Federal support for this program generates as much as $3 million in cash and services annually from the law schools.

Although the administration has justified eliminating the funding for this program in fiscal year 1983 on the ability of CLEO to attract private dollars, the proposed elimination of Federal support would serve to cripple the pending fundraising initiative directed at CLEO alumni, corporations, law firms, and foundations. CLEO has launched this private fundraising campaign in an effort to increase the amount of the fellowship presently awarded to program graduates to a more meaningful level.

However, the administration's proposed budget cut could signal a retrenchment in the national commitment to the program, which, in turn, could chill the private sector fundraising initiative. Federal support and partnership with the private sector in CLEO's fundraising is a necessary prerequisite to the success of these endeavors.

The Federal Government has made a major commitment in the last decade to the cause of increasing educational opportunity for the poor and disadvantaged groups within our society. This is an important commitment, not only in terms of fairness, but also in terms of wise allocation of resources.

Compared to many Federal support programs, CLEO is impressive because the payoff is concrete, clear, and quick. The modest Federal support is matched several times over by the substantial voluntary contributions of the law school community and is repaid to the Government many times over in higher taxes from these individuals and in services to their respective communities.

Although the $1 million in Federal support represents an extremely modest amount in the overall scheme toward fiscal austerity, it will have a disproportionately negative effect on the minority and disadvantaged communities the program services, particularly given other cuts in social programs.

The legal profession is one of the most direct means by which these groups can be fully incorporated into the framework of this society and participate fully in its advantages and benefits. Recognizing that there are current demands on the Federal purse that call for fiscal integrity, the very small amount of money required for CLEO can bestow huge dividends for the future and overwhelmingly outweigh any potential budgetary benefits that might be realized by elimination of the program.

Thank you.

Senator SCHMITT. Thank you very much. As Swede can tell you, we have a very active CLEO program at the University of New Mexico. I think we turn out more legal graduates of Hispanic background than any institution in the country. Is that correct, Swede?

Mr. JOHNSON. Yes; and Native American.

Senator SCHMITT. And Native American also. That's right. OK, our final witness this morning, Dr. Ralph C. Porter, executive vice president and director, National Commission for Cooperative Education.

STATEMENT OF DR. RALPH C. PORTER

Dr. PORTER. Senator Schmitt, on behalf of the cooperative education community, we thank you for this opportunity.

Less than 20 years ago, there were only 60 colleges and universities in our country that offered cooperative education programs. Today, there are over 1,000, a great many of which have been aided by starting up and strengthening grants under the title VIII authorization. However, less than 5 percent of all undergraduate students throughout the Nation are enrolled in these programs, demonstrating the immense potential for growth. And I should add that many more institutions are desirous of adopting or experimenting with this learning strategy, which combines classroom study with off-campus productive work in paying jobs relating to the career aspirations of the students.

It seems obvious that if over one-third of all postsecondary educational institutions in the country have been attracted to cooperative education, it indicates that educators and educational administrators perceive the cooperative model as the social invention that meets head-on and in very demonstrable and pragmatic terms a number of vexatious problems that have been plaguing the Nation.

Few institutions have converted totally to the cooperative model and most still operate modest programs. Only recently, in fiscal year 1980, by a revised funding strategy, has Federal legislation encouraged the broadening of these pilot programs and made available funding by which colleges are encouraged to move toward comprehensive, large-scale programs.

However, no sooner are the effects of these legislative and financial incentives beginning to be realized, than the administration recommends that the movement be stalled by the cessation of this important venture capital resource for institutions.

In its budget documents, the administration says, "The effort to stimulate the development of cooperative education has been successful. Because of its high level of acceptance, institutions no longer need Federal incentive."

The program is cut because it is successful. To me, this is altogether confusing.

A recent congressionally mandated study concluded that "future prospects for the national expansion of cooperative education are good. The saturation point of student, institution or employer participation in cooperative education has not nearly been reached."

In 1980, Congress urged the Department of Education that substantially increased funds be directed toward the conversion of fledgling programs into comprehensive programs in order that cooperative education be made available to a much larger percentage of the Nation's college students.

In 1982, that process is underway. It is estimated that the 200,000 students enrolled in these programs can be increased to well over 1 million. The study further noted that cooperative education "is cost effective for students, cost effective for employers, and more cost effective than the Federal student loan program" as a means of self-help financial aid.

It is also cost effective for the Federal Government. Cooperative education students pay an average of $750 a year in Federal taxes. With some 200,000 students in cooperative programs, this represents current annual revenue to the United States Treasury of approximately $150 million. Federal funding for cooperative education in fiscal year 1981 amounted to $23 million. A return ratio on investment of about 6 to 1 is good, by any measure.

It is no secret that millions of students on all levels of education live in some guarded isolation from the world of work and eventual adult responsibility. In too many instances, the new generation of young Americans know little or nothing about the working of our enterprise system or the complexities of modern industrial technology or what the skill requirements of the private sector are or how to decide upon a useful career or even how to look for a job.

The result is that upon graduation, students are catapulted into the work environment without preparation to meet its challenge.

The social consequences of this failure of education to educate the young about the working world and in the ways and means of coping with the practical affairs of life are costly in both dollars and psychological toll. Too many young people withdraw into some introspective existence without ability or talent to adjust to the ordinary requirements of working to live. Too many young people graduate from college only to enter the vast legion of the educated underemployed or, even worse, the educated unemployed.

The great virtue of cooperative education is that it spans the gap between the classroom and the world of work. Students enrolled in cooperative education are involved in a process which is a structured fusion of study and work, with all of the practical enrichment that it provides.

It is vital that the young generation learn from experience that our industrial society is utilizing ever more sophisticated technology and that jobs will become more complex and require greater skill. Conversely, the young must learn that employers will need and seek people educated to meet the needs of the new requirements of our economy.

Over and over again, studies have shown that most young people hope to enroll in college expect it to be an escalator to instant employment. The overwhelming majority of parents want their children to go to college so that they will get better jobs. But now, with inflation a real fact of life for most Americans and with tuition costs rising beyond the reach of many, if not most, family budgets, cooperative education has acquired the additional virtue of making it possible for young people to go to college and to pay for all, or most, of their tuition with the money they earn from off-campus jobs. The average annual earnings of co-op students nationally is over $5,000 per year, which is a very large portion of what it costs them to attend school.

Cooperative education is an effective mechanism to bring about that much sought after collaboration between the private business sector and the institutions of higher learning—just what the administration has been calling for.

In our swiftly changing economic environment, with many skills becoming obsolete by technology and new skills being required, education and industry must interact so that the former will know the needs of the latter. I can assure you that because cooperative institutions know the needs of the private sector, they have the effective guidelines necessary to adjust curricula and, in many instances, develop new curricula.

As already noted, the Congress has acknowledged the value of postsecondary cooperative education and through its appropriations in previous years, has made it possible for many hundreds of colleges to adopt the form. Most colleges trying to implement cooperative education need more funding than has been available. The institutions which have only recently started co-op programs do need stronger staff support; they do need curricula adjustments; they do need a vigorous job placement effort; and for these reasons, these colleges and those just now starting their programs do need adequate funding. Eventually, they will make it on their own, but they need the time and the funding to do so.

Senator Schmitt, I urge you to reject the administration's proposal for the elimination of title VIII funding for fiscal year 1983 and fund cooperative education at its fully authorized, albeit modest, reconciliation level of $20 million.

Whereas, today, most parents cannot afford to put their children through college, the students will be willing and able to do so for themselves when the co-op programs are fully available to accommodate them.

We cannot afford to frustrate this vital and powerful opportunity for our Nation and its youth. Thank you.

PREPARED STATEMENTS

Senator SCHMITT. Thank you. I want to thank the panel for their interest and their testimony. We may have a few questions for our record. Of course, our record remains open if you have some additional comments on the questions that were raised today. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

Statement of Charles B. Saunders, Jr.

We appreciate this opportunity to present recommendations for FY 1983 appropriations for higher education programs of the U. S. Department of Education, on behalf of the national organizations representing all types of institutions: independent colleges, community colleges, state colleges, historically black colleges, land-grant institutions, and research institutions.

As our highest priority, we urge the Subcommittee to maintain the national commitment that no student of ability will be denied an opportunity for higher education because of financial need. Despite current concern about the size of the federal deficit, we do not believe that the federal government can afford to abandon its role in equalizing educational opportunity, which has been a bi-partisan goal supported by every Administration since President Eisenhower, and funded by each succeeding Congress for over 25 years through the leadership of this Subcommittee. The Administration's budget recommendations would substantially diminish the federal role and critically restrict postsecondary opportunities.

Our recommendation is that these programs be funded at least at the level of support authorized by the Omnibus Reconciliation Act of 1981. The reductions to the Pell Grant program and the Guaranteed Student Loan program made under that Act constitute, according to the Congressional Budget Office (CBO), 9 percent of the total reduction in federal benefit levels for individuals in FY 1983. We do not believe that further reductions are warranted. CBO states further that the changes to Pell Grants and Guaranteed Loans, together with the phase-out of Social Security educational benefits enacted by the Reconciliation Act, will lower the amount of aid available in FY 1983 by $5 billion -- almost a 30 percent reduction.

STUDENT ASSISTANCE

Pell Grants. The Reconciliation Act authorized $2.8 billion for FY 1983 for this program. We urge the Subcommittee to appropriate the full amount, which would make it possible to increase the maximum award for the neediest students and to restore eligibility to students with family incomes in the $25,000 range.

It is important to provide some increase over the $1,800 maximum Congress provided in the FY 1982 Continuing Resolution. CBO projects that the

Consumer Price Index (CPI) will increase 7.5 percent during FY 1982, and the average cost of attendance in FY 1983 (Academic Year 1983-84) is estimated at $5,500. Between FY 1979, when the maximum Pell Grant award was first raised to $1,800, and FY 1983, the CPI will have risen 42.5 percent. The maximum would have had to rise to $2,565 over this period to keep pace with inflation. Certainly some increase is necessary if the neediest student is to have a meaningful amount of Pell Grant funds for the foundation of his student aid package. An equally important consideration is that almost half of all Pell Grant recipients receive no other form of federal aid, and without an increase in the maximum they will get no inflation adjustment.

The Administration's proposed budget would provide only $1.4 billion in funding; the Administration estimates this amount would reduce the maximum to $1,600, and would limit eligibility to those with incomes below $18,000. In Academic Year 1981-82, there are approximately 2.77 million Pell Grant recipients; the Administration's proposal would eliminate one million from eligibility. This would be the lowest appropriation and the lowest number of students served since the program became fully operational in 1976. We also urge you to reject the Administration's proposal to reduce cost of living allowances, for reasons described in our letter of March 17.

Supplemental Educational Opportunity Grants (SEOG). We recommend $370 million in funding for this important program, which supplements Pell Grants for low- and middle-income students attending higher-priced public and independent institutions. Wide variation in the availability of state grants, and expected pressures on other assistance to students in higher-priced institutions, make it essential to recognize the need for funding this program at the Reconciliation level.

The Administration proposes to eliminate funding entirely for FY 1983, thereby eliminating 620,000 awards to needy students. The Administration justifies this action by stating, "At a time of reduced federal resources, students, parents, states, and institutions are now expected to assume more responsibility for these costs." We counter this argument by asserting that since SEOG recipients have an income profile even lower than that of Pell Grant recipients, whose awards would also be cut by the Administration's budget. There is no way the majority of these students or their families could make up the loss of the funds. Most of these students are attending college in states which do not have the capacity to initiate new or expanded programs, and since colleges would have to increase tuitions in order to provide more grant aid, there is no likelihood of significant additional grant aid being provided by institutions. These SEOG recipients would have to transfer to less-expensive institutions, drop out of school, or take out more loans (which may not be available).

College Work-Study. We recommend $550 million in funding for this unique program to provide self-help for over 900,000 low- and middle-income students. Demands on this program are high due to cutbacks in Social Security educational benefits, restriction of loan availability, and the decline of graduate fellowship opportunities. The Administration is requesting that the funding be reduced to $398 million, which would eliminate 250,000 job opportunities from Academic Year 1981-82 levels. This program not only assists students in financing their education, but as the Administration notes, studies have shown that part-time employment is positively correlated to student retention and completion rates.

State Student Incentive Grants. We support $76.75 million to maintain this program which the Administration proposes to eliminate. It is vital to continued funding of need-based student aid in many states, providing matching funds. Currently 15 states provide only 50-50 matching of the federal funds, and it is doubtful that these programs could continue without the federal stimulus.

National Direct Student Loans (NDSL). We recommend an appropriation for new federal capital of $286 million, which will support 400,000 loans to needy students in addition to those supported by the institutions' revolving funds. Institutions generally use these funds for students who would have difficulty securing commercial loans, and whereas some 600 institutions are in revolving status, the other 2,500 institutions throughout the country would have to cut back on loans substantially if federal capital contributions are eliminated as the Administration requests. Institutions indicated a need for over $800 million in new federal capital for Academic Year 1981-82.

Guaranteed Student Loan Program (GSLP). We strongly oppose the Administration's proposals for modifying the GSLP which would increase the debt burden for all students, and jeopardize the access of over 600,000 graduate/professional students and many undergraduates to loan capital. We believe that many low-income undergraduate students would be unable to borrow at market interest rates, and that many lenders would be reluctant to lend to them. Nor do we believe that lenders will lend to graduate students under the terms of the Auxiliary Loan Program; even if they did, such terms would increase the student's debt burden by up to 67 percent. We believe that in-school interest subsidy, which is not authorized for Auxiliary loans, is essential to the wide availability of capital under the GSLP. For this reason, Congress has continued the in-school subsidy during each reauthorization process. House Report 93-893 from the Committee on Education and Labor, issued March 12, 1974, states that while those persons ineligible for the federal in-school interest subsidy "remain theoretically eligible for guaranteed loans without interest benefits, the banks have traditionally refrained from making such loans on a broad scale." In a 1981 report, the College Entrance Examination Board documented that prior to 1978, when students who were not eligible for the in-school interest subsidy were still eligible for a federal guarantee, such loans represented less than 5 percent of the total borrowing. We see no evidence that lenders are more willing now than then to make guaranteed loans unless the in-school interest is paid by the government.

The Reconciliation Act placed additional restrictions on loan eligibility which will limit program participation for students from families above $30,000 income to those who need the funds to attend college, and which will reduce program costs by charging the student a 5 percent origination fee. Because these restrictions did not go into effect until after most of the current-year loans had been made, their full effect has not yet been felt. We recommend that these changes be given a chance to restrain the growth in loan volume, thereby exerting control over program costs, and that no changes be made which would jeopardize an essential mechanism for financing college education for millions of needy students.

Graduate Fellowships. In addition to the programs authorized by Title IV, other important student aid programs are authorized by Title IX of the Higher Education Act. We recommend $14 million for the Graduate and Professional Opportunities Program (GPOP) and Public Service Fellowships (Parts

A and B), $1 million for Assistance for Training in the Legal Profession (Part D), and $1 million for Law School Clinical Experience (Part E). The Administration proposes terminating funding for these programs.

Special Programs for the Disadvantaged. We recommend $165 million as authorized by the Reconciliation Act for these programs, which include Upward Bound, Talent Search, Special Services, Educational Opportunity Centers, and staff training grants. These programs are of proven value in encouraging the participation and retention of disadvantaged youth in college; they should receive a modest increase to permit more students to have access to these services. The Administration proposes to reduce funding for Special Services and Upward Bound, and eliminate funding for Talent Search, Educational Opportunity Centers, and staff training.

HIGHER AND CONTINUING EDUCATION PROGRAMS

In addition to student aid programs, which account for 95 percent of the Department's budget for higher education, a number of categorical programs provide important assistance for a variety of national purposes. Two of these have a special priority: Title III of the Higher Education Act (Developing Institutions) and Title VI of HEA (International Studies).

We strongly support the Administration's request for Title III at $129.6 million to implement the Challenge Grant authority established by the 1980 Amendments.

We also recommend approval of the Reconciliation level of $30.6 million for Title VI. The Administration proposes a reduction of 60 percent for FY 1983 in the amount appropriated for FY 1981, or a return in current dollars to the level approved for FY 1964. Under the $8.8 million request, all undergraduate activity would be eliminated. Among the remaining graduate programs, the Administration would seek to give priority emphasis to the Middle East and Asia by drastically curtailing support for programs emphasizing Africa, Latin America, Eastern Europe, and the Soviet Union.

The Administration would eliminate or reduce most other categorical programs. We recommend their funding at Reconciliation levels, as listed in the attached table.

We ask the Subcommittee to direct that revolving funds from the College Housing Loan Program continue to be made available for new loan commitments, in order to avoid discontinuing this important program as the Administration has requested.

The Administration did not request funds for Urban University Grants, authorized by the 1980 Amendments to encourage use of the knowledge and expertise of urban institutions, in cooperation with local governments, to serve their communities. We support initial funding of $5 million to implement this significant new policy tool for dealing with urban problems.

The Administration has proposed combining vocational education and adult education into a block grant and limiting the combined appropriation to $500 million. We urge the Subcommittee to reject this extremely low figure. We recommend that $735 million be appropriated for vocational education and $100 million for adult education, the Reconciliation figures agreed to by Congress.

SUMMARY OF HIGHER EDUCATION ASSOCIATIONS' RECOMMENDATIONS

	FY 82 CONTINUING RESOLUTION	FY 83 REAGAN BUDGET	HIGHER ED RECOMMENDATIONS (FY 83 RECONCILIATION CEILINGS)
Student Aid:			
Pell Grants	$2.279 B	$1.400 B	$2.800 B
SEOG	278 M	0	370 M
CWS	528 M	398 M	550 M
NDSL	179 M	0	286 M
SSIG	74 M	0	77 M
TOTAL	$3.338 B	$1.798 B	$4.083 B
GSL	$1.774 B	$2.485 B	
TRIO	$150.2 M	$82.3 M	$165 M
Graduate Fellowships:			
GPOP	$8.6 M	0	$14 M
Public Service	$1.9 M	0	
CLEO	$0.9 M	0	$1 M
Categorical Support:			
Title II			
A (College Libraries)	$1.9 M	0	$5 M
B (Library Res. Trng.)	$0.9 M	0	$1.2 M
C (Research Libraries)	$5.8 M	0	$6 M
Title III (Developing Institutions)	$124.4 M	$129.6 M	$129.6 M
Veterans Cost of Instruction	$4.8 M	0	$12 M

	FY 82 CONTINUING RESOLUTION	FY 83 REAGAN BUDGET	HIGHER ED RECOMMENDATIONS (FY 83 RECONCILIATION CEILINGS)
Title VI			
International Stud.	$19.2 M	$8.8 M	$30.6 M
Fulbright-Hays	$4.8 M	$1.5 M	
Title VIII Cooperation educ.	$14.4 M	0	$20 M
FIPSE	$11.5 M	$11.9 M	$13.5 M
Minority Institutions Science Improvement	$4.8 M	$3.3 M	$5 M
Law School Clinical Experience	$0.96 M	0	$1 M
Women's Educ. Equity	$5.8 M	0	$6 M
National Commission on Student Aid	$1 M	$0.3 M	$2 M
Urban Grants	0	0	$5 M
NIE	$53.4 M	$53.6 M	$55.6 M
NCES	$8.6 M	$8.7 M	$9 M
Vocational Educ.	$653 M	$500 M	$735 M

Statement of William W. Cooley

Mr. Chairman, I am pleased to appear before the Committee to present the case in support of educational research, particularly that supported by the National Institute of Education (N.I.E.).

I am William W. Cooley, President of the American Educational Research Association. I am Professor of Education and Director of Evaluation Research at the Learning Research and Development Center, University of Pittsburgh. I will be brief and direct. A full statement on behalf of the Coalition for Educational Research and NIE is being distributed to each member of the Committee. My presentation represents a summary of the Coalition views and concerns.

First, WE STRONGLY URGE THE COMMITTEE TO APPROPRIATE FUNDS FOR THE NATIONAL INSTITUTE OF EDUCATION AND OTHER EDUCATION STUDIES AT THEIR FULL FY83 RECONCILIATION AUTHORITY. THIS IS CONSISTENT WITH THE COMMITTEE'S ACTION LAST YEAR WHEN IT SET NIE's FUNDING LEVEL AT $55.6 MILLION. AN ATTACHED FACT SHEET OUTLINES THE AUTHORITIES FOR STUDY AND EVALUATION PROGRAMS focusing on: ESEA Title I or ECIA Chapter I, education of handicapped, vocational education, bilingual education, and education statistics.

Education inquiry programs lost over $50 million or -40% from 1980 to the current fiscal year. NIE alone lost 28% -- from $74 million to $53.4 million. Any further reductions in that level of support threatens to undermine our national intelligence about education and efforts to improve schools and colleges. Although educational research has suffered disproportionate budget cuts, an appropriation at the reconciliation level will allow the research community, working with practicing educators, to maintain the highest priority and most promising inquiry efforts over the coming year.

The federal government is the primary sponsor of educational research. This research function, given the need for national scope and generally usable results, cannot be turned over to states and localities. A fragmentation of the research effort would result from such a move. Also, states and localities suffering from the effects of inflated costs and a weak economy, are in no position to support programs beyond their own education operations. Federal support, though limited, will allow NIE and other research programs to build on the work which has already made contributions to improved education quality. School teachers, administrators, and policymakers, for example, have testified to the need for and use of the results of NIE studies, such as:

-- effective school characteristics and successful teaching practices

-- reading comprehension, textbook improvement, and writing instruction

-- student testing and national and regional assessments of student progress

-- micro-computer and calculator uses in school and college math and science courses

-- school finance studies to assist state legislators and local education boards

-- information services to Congress, states, parents, teachers and administrators

-- improved program assessment directed at educational improvement and student learning.

This leads to our second major concern. Over the past decade, NIE and the field of educational research have greatly improved their abilities to assist educators and policymakers. The results of our studies and development efforts are being used and valued as never before. Yet, we clearly have a major task ahead. The more we work with school and college educators, the more we learn of their need for a steady, reliable flow of research-based information focused on salient issues and problems.

WE, THEREFORE, URGE THAT THE CONGRESS TAKE THE LEADERSHIP IN ASSURING THAT AGENCY RESEARCH PLANS BUILD ON THE STRENGTH OF CURRENT KNOWLEDGE AND FOCUS ON STUDIES WITH A HIGH POTENTIAL FOR CONTRIBUTING TO EDUCATIONAL IMPROVEMENT. THE FOLLOWING LINES OF INQUIRY WOULD BE THREATENED BY EITHER FURTHER BUDGET REDUCTIONS OR MISGUIDED RESEARCH PROGRAM PLANS:

-- expanded studies on effective schools and instruction at the jr. and sr. high school levels where our most critical problems exist

-- the educational uses of information technologies, particularly the instructional programs or "courseware" being developed for micro-computers and communications systems

-- the essential components of computer and technological literacy, needed for present and future employment markets

-- further advances in congnitive sciences or research on thinking and its practical application to instruction and learning in the advanced academic areas, such as, written composition, critical understanding or written material, mathematics and science problem solving

-- education personnel practices particularly focused on the problems associated with critical teacher shortages in mathematics, the sciences, and modern languages

-- studies of students, policies, and instruction in institutions of higher education and other forms of postsecondary education and training

-- fiscal control and finance at the state and local levels of education policy

-- retaining annual and longitudinal data bases upon which we must rely for education policy and resource application.

Any major shift in the research focus of the Institute should be carefully scrutinized by the Committee, the education and research communities. "Draft" plans developed by the Director of NIE indicate a need for significant suggestions from knowledgeable sources outside of the agency. Modifications are needed to assure that the Institute's research plans are: a) consistent with our current studies; b) include researchable topics; c) focus on the most salient education issues and problems; and d) likely to yield important, useful findings. The funds are too limited and the educational issues too serious to engage in a major diversion from the most productive course of research.

The Institute plans to spend nearly all (94%) of its FY83 funds on current commitments. Draft plans call for research competitions to be held in FY83 and funding for awardees in FY84. We urge the Committee to join the research community to assure that NIE focuses on the congressionally mandated priorities, increases the opportunities for researchers working with educators to initiate research studies (without restrictive contract and grant announcements), and supports both field initiated individual grants and long-term programmatic research through institutional agreements. A well-designed and legitimate research plan will allow NIE and other research agencies to mount fair and open competitions for research funds. These competitions, in turn, will support the most promising, high quality studies.

NIE and other educational inquiry programs have reached a stage of maturity where they are providing resources which educators and policymakers actively seek. Our Association is working with other organizations representing teachers, administrators, school board members, and higher education leaders to improve the use of education studies. Now is the time for federal research agencies to actively support the connection between research and educational improvement efforts. Over 1500 institutions throughout the nation engage in educational inquiry or its dissemination. The research supported by NIE and other federal agencies provides essential information and knowledge resources to those institutions.

Teaching, policymaking, and education program development will go on with or without the benefits of sound, valid research information. However, without the needed intelligence, well-meaning educators will be forced to cope in the 1980s and beyond with obsolete information or, worse, the latest marketing strategy. Educators are tired of fads and gimmicks and they are capable of making sound decisions when given appropriate information. Our request to the Committee is to support research and study programs most capable of delivering such information.

The federal government has established a positive set of education programs to increase the access to educational opportunities for all students. It is just as essential that these opportunities be of such quality as to make them worthwhile for children and other learners. Teachers and other educators want to provide the best possible education to their students. Our request is to help us maintain the high priority research focused on pressing educational needs during a difficult time for the nation and its education community.

Other Education Department Research & Data Collection

National Center for Education Statistics (General Education Provisions Act, Sec. 406)
Provides essential data and information on the status of schools, students, teachers, higher education, and other aspects of American education, e.g., finance, enrollment, projections, etc.

Information services provided to: educators, policymakers, public.
Funding history: FY80=$10m FY81-$8.95m FY82=$8.59m
FY83 Budget Request=$8.75m
Minimum needed, FY83 reconciliation authority = $8.98 million

Education of the Handicapped Innovation and Support & Special Studies (Education of the Handicapped Act)
Conducts studies on the teacher and learning problems of the handicapped, special education finance, delivery of special education services in rural areas, and policy studies related to statutory and case law related to the handicapped.
a) innovation & development:
Funding history: FY80-$20m FY81=$15m FY82=$7.2m
FY83 Budget Request=$12m
Minimum needed, FY83 authority = $20 million
b) special studies:
Funding history: FY80=$2.3m FY81=$1m FY82=$0.5m
FY83 Budget Request=$1.9m
Minimum needed, FY83 reconciliation = $2.3 million

Vocational Education Programs of National Significance
Studies, material development, and professional training, and occupational information related to vocational education.
Funding history: FY80=$10m FY81=$7.5m FY82=$7.2m
FY83 Budget Request= ??? (included in general vocational and adult education block grant proposal--national set asides unknown)
Minimum needed, $10 million

Bilingual Education Evaluation & Study
Provides for the assessment of bilingual education programs, supports the bilingual R&D center and clearinghouse, and funds studies on improvement of bilingual education instruction.
Funding history: FY80=$6m FY81=$6m FY82=$4.8m
FY83 Budget Request= (part of "support services" request, amount for research and evaluation to be determined)
Minimum needed, $6 million

ECIA Chapter I (ESEA Title I) Evaluation & Studies
Provides funds to assist state and local education agencies to improve efforts in the evaluation of Ch.1/Title I programs for disadvantaged students. With the less restrictive evaluation requirements, education systems will still attempt to provide comparable data on the effects of this central elementary and secondary education program.
Funding history: FY80=$10m FY81=$6m FY82=$5.8m
FY83 Budget Request=$4.75m
Minimum needed to keep voluntary evaluations alive = $10 million

---

STATEMENT OF RALPH C. PORTER

My name is Ralph C. Porter. I am the Executive Vice President and Director of the National Commission for Cooperative Education. I appreciate this opportunity to offer my views on the significance of postsecondary cooperative education and to urge you to approve appropriations at the levels authorized for fiscal year 1983. As you know, this authorization is for $20,000,000 for institutions of higher learning, either to initiate or to strengthen their cooperative education programs, and for research, training and demonstration. The item for research, training and demonstration (section 803) is extremely important in the light of the fact that most of the institutions that have committed themselves to cooperative education have programs that are either in the incipient or developmental stage and very urgently need the examples of successful large scale adoption of cooperative education programs as well as knowledgeable and trained personnel necessary for successful management growth.

It is fair to say that even if your distinguished committee approves appropriations at the fully authorized levels, the amount of money involved represents a miniscule portion of the total amount that will be appropriated for higher education. I stress this point because I know of no other program supported by federal funding that supersedes cooperative education in the degree to which it serves some of our vital educational, social, and economic needs. Nor do I know of any comparable program which returns to the government more in tax revenues, paid on the earnings of students, than is outlayed by the government.

Less than twenty years ago, there were only sixty colleges and universities in our country that offered cooperative education programs. Today, there are over a thousand, a great many of which have been aided by starting-up and strengthening grants from the Federal Government. However, less than 5% of all undergraduate students throughout the nation are enrolled in these programs, demonstrating the immense potential for growth. And, I should add that many more are desirous of adopting or experimenting with this learning strategy, which combines classroom study with off-campus productive work in paying jobs related to the career aspirations of students.

It seems obvious that if over one-third of all postsecondary educational institutions in the country have been attracted to cooperative education, it indicates, at least it does to me, that educators and educational administrators perceive the cooperative model as a social invention that meets head on and in very demonstrable and pragmatic terms a number of vexatious problems that have been plaguing the nation.

Few institutions have converted totally to the cooperative model, and most still operate modest scale programs. Only recently (FY 1980) by a revised funding strategy has federal legislation encouraged the broadening of these pilot programs and made available funding by which colleges are encouraged to move toward comprehensive, large scale programs. However, no sooner are the effects of these legislative and financial incentives beginning to be realized than the Administration recommends that the movement be stalled by the cessation of this important venture capital resource for institutions. Continued federal support is needed if this promising revolution in American higher education is to be firmly established and made available to a greater number of our student population.

In 1977, a congressionally mandated study conducted by Applied Management Sciences, Inc. (AMS) concluded that "the future prospects for the national expansion of cooperative education are good. The saturation point of student, institution, or employer participation in cooperative education has not (nearly) been reached." In 1980, Congress urged the Department of Education that substantially increased funds be directed toward the conversion of fledgling programs into comprehensive programs in order that cooperative education be made available to a much larger percentage of the nation's college students. In 1982, that process is underway. It is estimated that the 200,000 students now enrolled in these programs can in due course be increased to well over 1,000,000.

The AMS study further noted that "cooperative education is cost effective for students. . . cost effective for employers. . . and more cost effective than the federal student loan program" as a means of self-help financial aid. It is also cost effective for the federal government. Cooperative education students pay an average of $750.00 a year in federal taxes. With some 200,000 students in cooperative programs, this represents current annual revenue to the United States Treasury of approximately $150 million. Federal funding for cooperative education in FY 1981 amounted to $23 million. A return ratio on investment of about six to one is good by any measure.

It is no secret to the members of this committee that millions of students on all levels of education live in some guarded isolation from the world of work and eventual adult responsibility. In too many instances, the new generation of young Americans know little or nothing about the working of our enterprise system, or the complexities of modern industrial technology, or what the skill requirements of the private sector are, or how to decide upon a useful career, or even how to look for a job. The result is that upon graduation, students are catapulted into the work environment, without preparation to meet its challenge.

The social consequences of this failure of education to educate the young about the working world and in the ways and means of coping with the practical affairs of life are costly in both dollars and psychological toll. Too many young people withdraw into some introspective existence without ability or talent to adjust to the ordinary requirement of working to live. Too many young people graduate from college only to enter the vast legion of the educated underemployed or, even worse, the educated unemployed.

The great virtue of cooperative education is that it spans the gap between the classroom and the world of work. Students enrolled in cooperative education are involved in a process which has a structured fusion of study and work, with all of the practical enrichment that it provides.

When students are involved in this process, their education takes on meanings not inherent in the conventional, isolated curricula. The process produces a continuous reality contact and the opportunity to reality-test not only the theoretical knowledge learned in the classroom, but also the opportunity to test career choices. By working while learning, students can quickly learn if their chosen majors are the right ones, and if not, they can change their sights before it is too late. A college may be a great center of learning, but experience is still the best teacher.

It is vital that the young generation learn from experience that our industrial society is utilizing ever more sophisticated technology and that jobs will become more complex and require greater skill. Conversely, the young must learn that employers will need and seek people educated to meet the new requirements of our economy.

Over and over again, studies have shown that most young people who hope to enroll in college expect it to be an escalator to instant employment. The overwhelming majority of parents want their children to go to college so that they will get better jobs. But now, with inflation a real fact of life for most Americans and with tuition costs rising beyond the reach of many, if not most family budgets, cooperative education has acquired the additional virtue of making it possible for young people to go to college and to pay for all or most of their tuition with the money they earn from off-campus jobs. The average annual earnings of co-op students nationally is over $5,000 which is a very large portion of what it costs them to attend a university. It may interest the Committee to learn that trade union leaders enthusiastically support cooperative education since they perceive it as the most acceptable way through which the children of their members can go to college. This same value applies to the children of poor, non-acculturated families. For them, cooperative education is their access to the main economic and social stream.

Mr. Chairman, we have also learned that cooperative education is an effective mechanism to bring about that much sought-after collaboration between the private business sector and the institutions of higher learning -- just what the Administration is calling for. In our swiftly changing economic environment, with many skills becoming obsoleted by technology and new skills being required, education and industry must interact so that the former will know the need of the latter. Indeed, the Congress had recognized the importance of such an education/industry relationship in its past support of career education, which has as one of its principal aims a working partnership between those who educate and those who employ. But this partnership is already a major ingredient of the cooperative education model. The National Commission for Cooperative Education estimates that in addition to public sector employers, there are now at least 90,000 private employers, some very large, most small, who hire cooperative education students and in so doing maintain a continuing, organic relationship with the colleges supplying students.

From my own experience in directing the affairs of the National Commission for Cooperative Education, I can assure you that because cooperative institutions know the needs of the private sector, they have the effective guidelines necessary to adjust curricula and, in many instances, to develop new curricula.

As already noted, the Congress in its wisdom has acknowledged the value of postsecondary cooperative education, and through its appropriations in previous years, has made it possible for many hundreds of colleges to adopt the form. Most colleges trying to implement cooperative education need more funding than has been available. The institutions which have only recently started co-op programs do need stronger staff support; they do need curricula adjustments; they do need a vigorous job placement effort; and for these reasons, these colleges and those just now starting their programs, do need adequate funding. Eventually, they will make it on their own, but they need the time and the funding to do so.

Mr. Chairman, members of the Committee, I urge you to reject the Administration's proposal for the elimination of Title VIII funding for FY 1983 and fund cooperative education at its fully authorized, albeit modest, level of twenty million dollars. Whereas, today, most parents cannot afford to put their children through college -- the students will be willing and able to do so for themselves when the co-op programs are fully available to accommodate them. We cannot afford to frustrate this vital and powerful opportunity for our nation and its youth.

STATEMENT OF MARVIN D. JOHNSON

I am pleased to have this opportunity to report to you on the status of student assistance programs in the State of New Mexico and The University of New Mexico. I appreciate this time to provide you with my evaluation of the needs of my state and institution in regard to these programs.

Mr. Chairman - as you know, I strongly believe that "America's Energy is Mindpower" and our country's future depends upon an educated citizenry. In my opinion, and the opinions of families and students in New Mexico, reductions in student assistance programs means a removal of access to post-secondary educational opportunities.

Families of New Mexico are heavily dependent upon Federal student assistance. Because of that dependency they are also most appreciative of these funds, to date, which have been provided by this Congress.

We are most alarmed by projected 1983 reductions for funding, which can and would eliminate the opportunity of an education for thousands of New Mexicans. Forty-four per cent of all students in New Mexico receive some type Federal student aid. Fifty-six per cent of half-time and full-time students are recipients of student aid.

New Mexico as a state ranks in the lower fifteen per cent in per capita income and can ill afford a loss of up to fifty per cent in Federal assistance to students. We are currently ranked in the top ten states in per capita contribution to post-secondary education. The New Mexico Legislature, in its last session, created and funded a Work-Study Act in support of her students. This action makes New Mexico one of a very few states which support, at the state level, all three basic assistance programs of work, grant and loans for our students.

The following is a table, demonstrating the effect on student participation, of the Administration's proposed reductions for academic year 1983-84 compared to academic year 1930-81.

	Total Federal Expenditures in New Mexico for Academic Year 1980-81	Number of Student Participants	Projected Academic Year 1983 Reductions in Appropriations to New Mexico from Academic Year 1980-81	Per cent Reductions	Reductions in Student Participation
PELL GRANTS	16,103,580	19,000	7,101,678	44.1%	8,452
SEOG	2,473,835	4,496	2,473,835	100 %	4,496
CWS	4,650,633	9,000	837,112	18 %	1,625
NDSL	1,727,480	2,426	1,727,480	100 %	2,426
SSIG	389,612	1,424	389,612	100 %	1,424
Totals	25,345,140		12,529,717		18,423

An estimated unduplicated count of student participation is 12,159 New Mexico students affected. I have attached tables of the impact on public, private, two-year and vocational institutions in New Mexico.

The final result is the elimination of 12,150 students from participation in Campus-based, State Grant and Pell Grant programs. Should this actually occur, I predict it will have a devasting effect on students, families and the educational process in New Mexico.

Students of The University of New Mexico, my home institution, represent a cross section of the state and the financial needs of the state. Of the 19,000 students attending UNM at least half-time, 7,367 are participants in one or more need-based and GSL student assistance programs. In addition, 5,000 students earn scholarship aid and non-need-based employment. Overall, sixty-three per cent of UNM students receive some type of assistance to help offset their cost of attendance.

Our students come from families with a median income of $20,000 per year. This is $6,000 below the national average for students attending institutions of our type and size.

We can also state 16,000, or seventy per cent of our 23,000 enrolled students are employed and providing self-help toward their college expenses.

Treasury Secretary Regan stated when he was asked about the proposed cuts, "But there is a thing called working your way through school. I did it. It ain't easy. But you can do it." It appears to me that UNM students are doing just that. Unfortunately, the cost of education today is so significant that a part-time job alone will not cover a student's expenses while attending college.

The Administration proposed a 47% reduction in funding for 1983-84 which could result in 4,000 UNM students losing access to the educational process due to a lack in financial resources. Many of these individuals are the first generation to have an opportunity to attend college. They come from proud, hardworking but poor, parents; parents who believe in providing their sons and daughters an opportunity that they themselves did not have -- a college education.

The tentative award letter for Academic Year 1982-83 received this week by my institution reflects a twenty-five percent reduction in SEOG funding. This means the automatic loss of access to this program by 344 students attending UNM and 1,300 in the State of New Mexico. Because money from this program goes to our financially most needy students, the loss is most severe.

I was especially pleased to hear President Reagan's statements on April 10 that concerned student loans. His remarks, which emphasized a continuation of the Guaranteed Student Loan Program at the present level, illustrate that the Administration is becoming sensitized to the educational needs of our citizens. However, his statement assumed that graduate students (who would be removed from eligibility for Guaranteed Loans under his proposal) would still be able to obtain Auxiliary Loans. This is not currently possible in New Mexico, which does not have an operational Auxiliary Loan Program.

It is mainly through graduate and professional education that we are able to remain the most technically progressive nation in the world. Elimination of these students from the GSL program would certainly jeopardize this position. Surely America's Energy is Mindpower.

TABLE OF NEW MEXICO ALLOCATIONS FOR STUDENT FINANCIAL ASSISTANCE PROGRAMS ACADEMIC YEAR 1980-81 and PROJECTED REDUCTIONS FOR ACADEMIC YEAR 1983-84

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Student Participation in 1983-84
PELL GRANT	16,103,580	7,101,678	44.1%	8452
SEOG	2,473,835	2,473,835	100 %	4496
CWS	4,650,633	837,112	18 %	1625
NDSL	1,727,480	1,727,480	100 %	2426
SSIG	389,612	389,612	100 %	1424
	$25,345,140	$12,529,717		18,423

26,089 unduplicated students participating
12,159 unduplicated students eliminated from participation

NEW MEXICO GUARANTEED STUDENT LOAN CORPORATION 1981-82

	Number of Students	Dollars Loaned
Graduates	1392	$ 5,324,975
Undergraduates	6408	$10,902,025

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		Albuquerque Technical Vocational Institute			
PELL GRANT	501,403	1,324	221,119	44.1	584
SEOG	6,300	32	6,300	100	32
CWS	29,000	59	5,220	18	11
NDSL	-	-	-	-	-
SSIG	31,061	209	31,061	100	209
	567,764	1,624	263,700		836
Unduplicated Reduction in Students		552			
		Luna Vocational Technical Institute			
PELL GRANT	182,462	393	80,466	44.1	173
SEOG	24,503	111	24,503	100	111
CWS	13,089	65	2,356	18	12
NDSL	-	-	-	-	-
SSIG	4,392	43	4,392	100	43
	224,446	612	111,717		339
Unduplicated Reduction in Students		224			

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		N.M. Institute of Mining and Technology			
PELL GRANT	337,646	341	148,902	44.1	150
SEOG	111,400	224	111,400	100	224
CWS	157,817	269	28,407	18	48
NDSL	44,722	183	44,722	100	183
SSIG	5,257	41	5,257	100	41
	656,842	1,058	338,688		646
Unduplicated Reduction in Students	426				
		University of Albuquerque			
PELL GRANT	916,134	800	404,015	44.1	353
SEOG	155,759	227	155,759	100	227
CWS	211,417	300	38,055	18	54
NDSL	84,161	219	84,161	100	219
SSIG	75,268	177	75,268	100	177
	1,442,739	1,723	757,258		1,030
Unduplicated Reduction in Students	680				

	Total Federal Expenditures Fiscal Year 1980 Academic Year 1980-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
Western New Mexico University					
PELL GRANT	426,032	505	187,880	44.1	222
SEOG	92,426	189	92,426	100	189
CWS	125,149	177	22,526	18	32
NDSL	-	-	-	-	-
SSIG	8,453	43	8,453	100	43
	652,060	914	311,285		486
Unduplicated Reduction in Students		320			
Eastern New Mexico University - Portales					
PELL GRANT	1,317,148	1,580	580,862	44.1	697
SEOG	280,189	635	280,189	100	635
CWS	817,032	1,190	147,066	18	214
NDSL	359,699	832	359,699	100	832
SSIG	31,900	92	31,900	100	92
	2,805,968	4,329	1,399,716		2,470
Unduplicated Reduction in Students		1,630			

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		New Mexico State University			
PELL GRANT	4,328,891	5,153	1,909,041	44.1	2,272
SEOG	544,898	884	544,898	100	884
CWS	719,278	873	129,470	18	157
NDSL	354,069	1,115	354,069	100	1,115
SSIG	37,932	156	37,932	100	156
	5,985,068	8,181	2,975,410		4,584
Unduplicated Reduction in Students	3,025				
		New Mexico Highlands University			
PELL GRANT	1,055,196	1,230	465,341	44.1	542
SEOG	244,669	480	244,669	100	480
CWS	275,625	485	49,612	18	87
NDSL	12,576	333	12,576	100	333
SSIG	28,254	100	28,254	100	100
	1,616,320	2,628	800,452		1,542
Unduplicated Reduction in Students	1,018				

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		Eastern New Mexico University - Roswell			
PELL GRANT	390,905	605	172,389	44.1	267
SEOG	50,500	98	50,500	100	98
CWS	168,899	265	30,402	18	48
NDSL	-	-	-	-	-
SSIG	8,513	40	8,513	100	40
	618,817	1,008	261,804		453
Unduplicated Reduction in Students		299			
		University of New Mexico			
PELL GRANT	4,193,274	5,014	1,849,233	44.1	2,211
SEOG	718,536	1,523	718,536	100	1,523
CWS	1,718,699	2,042	309,366	18	366
NDSL	691,417	2,349	691,417	100	2,349
SSIG	60,150	250	60,150	100	250
	7,382,076	11,178	3,628,702		6,699
Unduplicated Reduction in Students		4,421			

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		Northern New Mexico Community College			
PELL GRANT	294,822	497	130,017	44.1	219
SEOG	70,920	139	70,920	100	139
CWS	80,245	211	14,444	18	38
NDSL	14,978	30	14,978	100	30
SSIG	13,588	76	13,588	100	76
	474,553	953	243,947		502
Unduplicated Reduction in Students	331				
		Eastern New Mexico University-Clovis			
PELL GRANT	152,789	789	67,380	44.1	348
SEOG	3,500	17	3,500	100	17
CWS	14,032	15	2,526	18	3
NDSL	-	-	-	-	-
SSIG	3,575	16	3,575	100	16
	173,896	837	76,981		384
Unduplicated Reduction in Students	253				

TABLE OF FISCAL YEAR 1980 ALLOCATIONS AND PROPOSED REDUCTIONS
FOR ACADEMIC YEAR 1983-84

	Total Federal Expenditures Fiscal Year 1980 Academic Year 80-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		New Mexico Military Institute			
PELL GRANT	134,741	141	59,421	44.1	62
SEOG	64,500	87	64,500	100	87
CWS	28,500	70	5,148	18	13
NDSL	-	-	-	-	-
SSIG	1,500	6	1,500	100	6
	229,340	304	130,569		168
Unduplicated Reduction in Students		111			
		New Mexico Junior College			
PELL GRANT	134,498	232	59,313	44.1	102
SEOG	8,847	20	8,847	100	20
CWS	6,239	13	1,123	18	2
NDSL	-	-	-	-	-
SSIG	820	3	820	100	3
	150,404	268	70,103		127
Unduplicated Reduction in Students		84			

	Total Federal Expenditures Fiscal Year 1980 Academic Year 1980-81 Appropriations	Number of Students Participating in the Programs Fiscal Year 1980	Fiscal Year 1983 Reduction in Appropriations from Fiscal Year '80 Base	Fiscal Year 1983 Percentage Reduction in Appropriations to Fiscal Year '80 Base	Reduction in Students
		College of Santa Fe			
PELL GRANT	603,530	545	266,156	44.1	240
SEOG	208,905	219	208,905	100	219
CWS	163,267	165	29,388	18	30
NDSL	96,006	211	96,006	100	211
SSIG	51,285	105	51,285	100	105
	1,122,993	1,245	651,740		805
Unduplicated Reduction in Students	531				
		St. John's College			
PELL GRANT	168,121	126	74,141	44.1	56
SEOG	119,861	119	119,861	100	119
CWS	94,109	89	16,940	18	16
NDSL	58,122	69	58,122	100	69
SSIG	13,605	24	13,605	100	24
	453,818	427	282,669		284
Unduplicated Reduction in Students	187				

STATEMENT OF MONTY E. PEREZ

Mr. Chairman, Members of the Subcommittee, we appreciate the opportunity to appear before you today to discuss the accomplishments of the Special Programs for Students from Disadvantaged Backgrounds--the TRIO Programs, and the needs of the students enrolled in these programs. We recognize the very difficult decisions you are being called upon to make in the coming months and we are confident of your commitment to give human needs, and the programs which meet these needs, you highest priority.

THE TRIO PROGRAMS

The Special Programs for Students from Disadvantaged Backgrounds subpart authorizes five programs: Special Services for Disadvantaged Students, Talent Search, Upward Bound, Educational Opportunity Centers, and a training authority for Special Program staffs. For fiscal 1981 the $156.5 million appropriated for the TRIO programs was allocated as follows: $63.9 million to Special Services, $17.1 million to Talent Search, $66.5 million to Upward Bound, $1.0 million to the training authority, and $8.0 million to Educational Opportunity Centers. Under the Fiscal 1982 Continuing Resolution now in effect, each of these programs was cut by 4%. For fiscal 1983, the National Council of Educational Opportunity Associations is seeking restoration of this sum as well as additional funding to bring the TRIO appropriation to the level approved during reconciliation--$170 million for Fiscal 1983.

In Fiscal 1981 funding allowed the provision of services to approximately 157,235 students in Special Services projects at an average cost of $407 per student, 189,300 individuals in Talent Search projects at an average cost of $86 per person, 37,680 students in Upward Bound projects at an average cost of $1765 per student, and 108,200 persons in Educational Opportunity Centers at an average cost of $75 per person. Additionally, 550 TRIO staff members received training in the areas of leadership, management, counseling, curriculum design and retention strategies at a total cost of one million dollars.

THE ACCESS ISSUE

As you are well aware, the entire system of federal student assistance is premised on a belief that equal opportunity in postsecondary education is a valuable means of encouraging individual growth and productivity as well as facilitating the realization of a just society. While many of the student financial aid programs serve lower middle and middle income students, the Congress has been adamant in its policy that these groups would not be served at the expense of the poor. Accordingly, low-income students continue to be the most central focus of federal student assistance.

The Congress has also recognized however the critical importance of information services in assuring that student financial assistance will indeed reach its intended beneficiaries. Since the passage of the Higher Education Act in 1965 the Talent Search program, and later Educational Opportunity Centers, have served as the primary vehicle for providing these information services.

In Fiscal 1980, Talent Search and Educational Opportunity Center projects provided information about college admission and student financial aid to 297,520 disadvantaged youth and adults. The projects are located in areas which assure easy accessibility for the most disadvantaged students and they have been particularly important in reaching minority students. For example, project placement records suggest that 20% of the Black and Hispanic freshmen entering college in 1979 had help in applying to college from a Talent Search project or Educational Opportunity Center.

At this time when policy decisions which will impact upon students' ability to attend college in 1982-83 have yet to be made, and when many low-income students are unusually confused regarding the availability of student assistance funds, Talent Search and Educational Opportunity Center services are particulary important. Moreover, demand for these programs continues to be high. In the only competition for Fiscal 1982 funds which the Department of Education has completed, there were four institutions interested in operating an EOC for each applicant which could be funded.

THE RETENTION ISSUE

Alexander Astin's data suggests that students from families with incomes under $6,000 are twice as likely to drop out of school as students from families with incomes above $30,000. Equally disturbing is the fact that according to Astin, blacks in white colleges have attrition rates 50% higher than either whites in white colleges or blacks in black colleges. Data developed by the National Center for Educational Statistics is even more disturbing. It suggests that while for every ten white males who begin college, six are enrolled three years later, for every ten black males who begin college, only three remain enrolled for the same length of time. Part of this problem, of course, stems from the alienation and lack of support which many low-income and disadvantaged students feel, particularly initially, on college campuses. Additional problems are caused by deficiencies in their academic preparation.

SPECIAL SERVICES

Special Services programs are targeted upon students, enrolled or accepted for enrollment at the host institution who are from low-income families and who are among the first generation in their families to attend college. In the past decade, the number of poor and minority students enrolled in college has climbed steadily. Disadvantaged students often need remedial coursework as well as specialized academic and personal counseling if they are to overcome basic skill deficiencies and compete successfully. In a recent evaluation of compensatory efforts by the Systems Development Corporation, the Special Programs for Students from Disadvantaged Backgrounds have been shown to be the most effective vehicle for providing these services. Results of that study indicate that the college drop-out rate for disadvantaged freshmen is cut in half when such students are provided counseling, tutoring and remedial instruction by Special Services programs. The SDC study suggests that counseling services are particularly crucial to retention, but that the best results occur when instruction and tutoring are combined with counseling in a concentrated service program. Freshmen students at a random sample of 58 colleges and universities with Special Services programs were included in the study. Another important finding of the SDC study is that colleges and universities are already supporting Special Services projects to the best of their ability. About 30% of Special Services projects also receive funding from the state in which they are located while 28% received other funding. The average state support provided was $56,000; the average support from other sources was $33,000.

UPWARD BOUND

Upward Bound services are directed toward secondary school students from low-income backgrounds who would be among the first generation in their family to attend college. These projects provide basic skills instruction, personal counseling, assistance in high school course selection, tutorials, exposure to cultural events, career-counseling, instruction designed to prepare youth participating for careers in which persons from disadvantaged backgrounds are particularly underrepresented and other services. These are offered both during residential summer programs and during after-school and Saturday programs which supplement regular high school work. Upward Bound programs have proven their effectiveness. A long-term follow-up of participants in Upward Bound which was recently completed by Research Triangle Institute for the Department of Education concluded that for students participating in the projects studied, the "Upward Bound program is fulfilling the functions of providing skills, motivation and assistance necessary for entry into postsecondary education." According to the Final Report of Research Triangle Institute study of Upward Bound, 91% of Program participants enrolled in some type of postsecondary education. About 73% of typical participants attended four year colleges or universities.

TRAINING AND PROFESSIONALISM

Over the past several years, TRIO staff members have spent a good deal of time building professional associations, conducting staff development activities, and ensuring the provision of informative and responsive training to TRIO staffs. The major objective of the TRIO-based Associations has been to increase the availability and quality of supportive services provided to disadvantaged students aspiring to attend or enrolled in postsecondary institutions.

A necessary element in improving the professionalism and competence among TRIO staffs is effective staff training, particularly that provided under legislative authority. Demand for this training in Fiscal 1981 has been high and despite some continuing problems, persons trained have generally indicated a good deal of satisfaction with the training received. Because there are no graduate programs available for persons desiring to work with disadvantaged students in higher education, the federal training programs provide one of few sustained opportunities for upgrading skills of TRIO professionals. The NCEOA strongly supports continued funding of the training authority.

COST EFFECTIVENESS

Currently 41.5% of the black population is 18 or under; 49% of the Hispanic population is 18 or under and only 28.4% of the white population is 18 or under. While some minority individuals are indeed acquiring more education, better jobs and higher incomes, another group remains mired in poverty. Given the increasing size of this group, only two options are open to state and federal government as they consider the plight of poor Americans generally and the minority poor particularly. The nation can choose to maintain the poor in poverty--regardless of how low the standard--or it can provide individuals various means of egress from poverty. Listed below are recent estimates comparing the relative cost of providing these types of services:

	Cost Per Client
Aid to Families with Dependent Children	$2,262
Incarceration	10,792
Job Corps	13,754
Youth Employment and Training programs	5,000

Certainly, when we consider that the cost per client for Upward Bound is $1765, that the cost per client in Special servcies is $407, and that the cost of EOC's and Talent Search is less than $90 per client, and when we also consider that the youth served by these programs generally come from backgrounds where they have limited opportunity to contribute to the productivity of the society, the cost of providing compensatory educational services through the TRIO programs seems strikingly low.

IMPACT

Despite this fact, for Fiscal 1983 President Reagan has recommended the elimination of three of the TRIO programs--Talent Search, Educational Opportunity Centers, and the training authority--a 63% cut in Upward Bound funding, and a 12% cut in funding for Special Services. The NCEOA is recommending funding for TRIO at the level authorized under the Omnibus Reconciliation Act of 1981--$170 million. Such funding provides the programs a modest 6.8% adjustment for inflation for both Fiscal 1982 and Fiscal 1983 and would eliminate the need to reduce the number of students served. The impact of each of these recommendaions is included in the Tables below:

COMPARISON OF PRESIDENT REAGAN'S FY 1983 TRIO BUDGET REQUEST WITH NCEOA RECOMMENDATION

	Number of Students Eliminated if President's Request is Approved	Number of Students Served with $170 Million Appropriation
Educational Opportunity Centers	108,220	108,220
Special Services	16,200	157,230
Talent Search	198,300	198,300
Upward Bound	23,630	37,680

COMPARISON OF PRESIDENT REAGAN'S FY 1983 TRIO BUDGET REQUEST WITH NCEOA RECOMMENDATION IMPACT ON CLIENTS BY RACE

	Number of Students Eliminated if President's Request is Approved	Number of Students Served with $170 Million Appropriation
Asians	9,380	15,520
Blacks	143,280	207,040
Hispanics	73,920	98,330
Indians	15,470	19,930
White	104,300	160,610

STATEMENT OF ROGER H. HULL

I appreciate the opportunity to appear before this Subcommittee as a representative of Beloit College and the institutions of the Associated Colleges of the Midwest and the Great Lakes Colleges Association* to express my views on the importance of Federal support for international education at the undergraduate level. In doing so, however, I feel as if I am "carrying coals to Newcastle."

If any group of Americans is aware of the tremendous importance of international education, it would be the Members of the United States Senate. Yet, since there appears to be a serious question as to whether funding for these programs is to continue, perhaps it would be worthwhile to review both the general and specific grounds for that support.

At a time when you are searching for new ways to reduce our national deficit, it is certainly appropriate to examine all programs in order to determine if the funds invested in them produce an adequate return. If they do not, they should not survive; if they do, they must continue, even if their continuation means that another program's ox must be gored.

It might also be appropriate to digress for a moment and state that colleges also must continue to search for ways to reduce their costs. It is not enough for those of us who are responsible for the administration of higher education in the United States to sit back and proclaim that the funding processes that have existed for so long must automatically continue. For that reason, we at Beloit have been examining our programs and developing some imaginative approaches to the fiscal dilemmas facing us and others.

It would be a mistake, however, to assume that a statement in support of the continuation of Federal grants for international education at the undergraduate level is based on narrow self-interest. Colleges will survive without those grants, since the absolute dollars mean relatively little. But the programs mean a great deal, and national self-interest requires their continuation.

Wendell Willkie's "One World" of the 1940's is becoming an increasing reality. Despite a shrinking world, however, our knowledge of that world must paradoxically grow. Berlin, Cuba, Vietnam, Northern Ireland, the Mideast, Afghanistan, Nicaragua, El Salvador, the Falkland Islands. How many Americans have any true understanding of why those names are of significance? How many Americans have the faintest idea of what we as a people should have done, should do now, should do when similar future crises arise?

At small liberal arts colleges, faculty members train people in the most basic skill of all -- the ability to think. As changes accelerate, this is the only skill which will not become obsolete. A more specialized approach which focuses on narrow vocationalism -- whether in the international affairs area or some other -- leaves the individual student exposed to positions which will not be in existence while those students are still engaged in the profession for which they have been trained.

---

*The members of the Associated Colleges of the Midwest are Beloit College, Carleton College, Coe College, Colorado College, Cornell College, Grinnell College, Knox College, Lake Forest College, Lawrence University, Macalester College, Monmouth College, Ripon College and St. Olaf College. The members of the Great Lakes Colleges Association are Albion College, Antioch University, Denison University, DePauw University, Earlham College, Hope College, Kalamazoo College, Kenyon College, Oberlin College, Ohio Wesleyan University, Wabash College and The College of Wooster. Reed College in Portland, Oregon, also joins in support of this statement.

It, therefore, seems to me short-sighted to limit support for international education to the graduate level where students have a more specialized, focused approach. Before that specialization can occur, at least before it can occur in an intelligent way, students must have a general base from which to develop their expertise.

There are two major types of international education that have been funded in the past by the Federal government. The first has involved graduate training and the preparation of specialists who would serve in various agencies of the government and in graduate schools and universities; the second has involved programs in undergraduate liberal arts colleges that prepared many of the students for those graduate schools and careers as specialists but also for a broader range of careers. It is crucial that we not abandon the latter for the former.

International issues are no longer the exclusive province of university specialists and government officials. In large and small corporations, individuals are involved in servicing products or buyers from foreign countries; bankers are increasingly concerned about overseas investments, and lawyers are constantly dealing with foreign clients. Even so-called local issues can no longer be understood without knowing their international context. The crisis of the automobile industry, the social integration of various refugee groups, and the cost of fuel oil are impossible to understand without an international perspective. It is for these reasons that undergraduate programs in international education should be preserved. We need educated citizenry as much as, if not more than, we need educated specialists.

At Beloit College we recently have received an International Studies Grant and a Foreign Curriculum Consultant Grant. Both have had an important impact on the college. Both programs are eliminated in the Administration's requested budget for 1983.

Beloit has long stressed the importance of international education, but our activities on this front have been scattered. With the International Studies Grant we have been able to embark on a systematic program to introduce an international dimension into a required sector of our curriculum. We have taken those faculty members who have foreign area expertise and provided a structure in which they can share and apply their expertise to the course development of their colleagues; we have provided the incentive and, through seminars, opportunity for faculty who have not previously used an international approach in their classes to take the time and the trouble to revise their courses so that they will have that new dimension. Both kinds of faculty have had opportunities to explore international issues with nationally known experts in the field and with scholar-consultants from foreign area research centers.

In addition, we have made the interdisciplinary course requirement at Beloit College systematically more international in outlook. At the end of the project, we expect five new courses to have been created and an additional fifteen to twenty to have been affected by this process. The new courses will be organized around the theme, "International Issues for the Eighties"; they will be problem-oriented and give special emphasis to issues of global concern or concern to non-Western countries.

We have used the Foreign Curriculum Consultant grant to begin a rudimentary Chinese language program which, given our limited resources, would not otherwise have been possible. We also plan to develop individualized instruction in Japanese, Arabic and Hebrew. Student response to this new program has clearly indicated an interest and a demand for such opportunities. And the four students from the People's Republic of China who have enrolled in the past two years have greatly aided us in developing the pilot Chinese language program and in bringing greater international affairs awareness to the total campus community.

Through such efforts America's undergraduate colleges can make an important contribution to international understanding. Undergraduate programs offer the last opportunity for most students to receive a learning experience that will give them the broader world outlook all citizens need today. Even for those going on to graduate school, solid preparation at the undergraduate level can influence the quality of the graduate experience if the end product is to be one of quality.

Of significance, too, is the fact that most of the nation's elementary and secondary school teachers are trained only at the undergraduate level. The impact they have on the millions of young people in helping them understand the world better is undeniable and directly related to the quality of the undergraduate experience.

The 1980's have brought us to an unprecedented situation of global interdependence. World-wide inflation and the prospect of still more serious shortages of food, fuels, and other resources have shocked us into an appreciation of our vulnerability. Yet this vulnerability contrasts seriously with America's general ignorance of fundamental assumptions made by the non-Western world.

If we accept the proposition that an informed international outlook is essential to the education of our young people and to the national interest, I think it logically follows that it should be an essential part of a core general education program that would involve all students at the undergraduate level. It is as important for future businessmen, government officials, journalists, teachers and clergymen to have an international perspective as it is for future area specialists to have that understanding.

Training of students at both the undergraduate and graduate levels is essential to the national interest. I would stress, however, that the standards for undergraduate Centers should be different from those of the graduate training Centers because they must accomplish their essential tasks in different ways. It is disturbing to me to note that, although earlier directives from the Congress recommended that a certain number of such Centers be maintained on four-year campuses, the last competition resulted in not even one such Center being located on a four-year campus. This imbalance should be remedied.

I call your attention to the budget projections in Appendix A and urge that you support of 1983 appropriations of at least $21.8 million for Title VI International Education programs and $6.2 million for the Mutual Educational and Cultural Exchange Act 102(b)(6) programs.

In summary, I would emphasize that colleges like Beloit and the other undergraduate institutions of the Associated Colleges of the Midwest and the Great Lakes Colleges Association are not dependent on the Federal government for their existence. We value our independence. But we also recognize that we live in a world in which one of the facts of life is interdependence. Just as the government and the people of this land need colleges like Beloit to provide an important alternative to public education, we need your support if we are to sustain programs that meet the demands of our time.

While undergraduate colleges should recognize the relative priority of international studies against other programs in these fiscally challenging times, the fact is that if the government retreats it signals a societal judgment which will make it very difficult for colleges administrators to hold their ground. And, in the end, that lost ground will be costly to all of us.

As this Subcommittee, as the full Committee, as the entire Senate debates the legitimacy of support for programs in international education at the undergraduate level, two important questions come to mind. The first, and obvious one, is "Can we afford to continue the programs?" The second, and perhaps less obvious one, is "How can we afford not to continue them?"

Thank you, Mr. Chairman.

Appendix A

Education Department
INTERNATIONAL EDUCATION PROGRAM BUDGETS, Fiscal Years 1981, 1982, 1983
($ in millions)

Program	Fiscal 1981 Appropriation	Number of Awards	Fiscal 1982 Cont'g. Resolution	Number of Awards	Fiscal 1983 Admin. Request	Number of Awards
Higher Education Act, Title VI[1]	$21.8[2]		$19.2		$ 8.8	
National Resource Centers (formerly Foreign Language and Area Centers)	10.5	90	10.2	90	5.7	50
Fellowships	6.1	905	5.9	694	2.8	330
International Education Research	1.2	30	1.2	29	0.2	6
Undergraduate International Studies	2.0	33 new 12 cont'g.	1.9	10 new 33 cont'g.	0 1.5	0 0
Mutual Educational and Cultural Exchange Act, Section 102(b)(6)[1]	6.2		4.8		1.5	
Foreign Curriculum Consultants	0.3	16	0.2	12	0	0
Special Bilateral Projects	1.0	15	0.8	12	0.2	3
Group Projects Abroad	1.9	26	1.5	20	0.5	6
Faculty Research Abroad	0.8	56	0.7	42	0.2	11
Doctoral Dissertation Abroad	2.2	130	1.7	99	0.7	40
GRAND TOTAL [1]	28.0		24.0		10.3	

---

[1] Totals rounded.
[2] Includes $2.0 million for the Citizen Education for Cultural Understanding eliminated in legislation creating the Education Block Grant.

Source: Education Department

Independent Colleges Office
April 26, 1982

Summary

There are two major types of international education that have been funded in the past by the federal government. The first has involved graduate training and the preparation of specialists who would serve in various agencies of the government and in graduate schools and universities; the second involved programs in undergraduate liberal arts colleges that prepared many of the students for those graduate schools but also for a wide range of careers. It is crucial that we not abandon the latter for the former. We need educated citizenry as much as, if not more than, we need educated specialists.

America's undergraduate colleges can make an important contribution to international understanding. Undergraduate programs offer the last opportunity for most students to receive a learning experience that will give them a broader world outlook all citizens need today. Even for those going on to graduate school, solid preparation at the undergraduate level can influence the quality of the graduate experience, if the end product is to be one of quality.

Of significance, too, is the fact that most of the nation's elementary and secondary school teachers are trained only at the undergraduate level. The impact they have on millions of young people in helping them understand the world better is undeniable and directly related to the quality of the undergraduate experience.

It therefore seems short-sighted to limit support for international education to the graduate level where students have a more specialized, focused approach. Before that specialization can occur, at least before it can occur in an intelligent way, the student must have a general base from which to develop his more narrow expertise. The way in which that base is established is through international affairs programs at the undergraduate level.

Training of students at both the undergraduate and graduate levels is essential to the national interest. I would stress, however, that the standards for undergraduate Centers should be different from those of the graduate training Centers because they must accomplish their tasks in different ways. It is disturbing to me to note that, although earlier directives from the Congress recommended that a certain number of such Centers be maintained on four-year campuses, the last competition resulted in not even one such Center being located on a four-year campus. This imbalance should be remedied.

In summary, I would emphasize that colleges like Beloit and other undergraduate institutions of the Associated Colleges of the Midwest and the Great Lakes Colleges Association are not dependent on the federal government for their existence. We value our independence. But we also recognize that we live in a world in which one of the facts of life is interdependence. Just as the government and the people of this land need colleges like Beloit to provide an important alternative to public education, we need your support if we are to sustain programs that meet the demands of our time.

While undergraduate colleges should recognize the relative priority of international studies against other programs in these fiscally challenging times, the fact is that if the government retreats it signals a societal judgment which will make it very difficult for college administrators to hold their ground. And in the end, that lost ground will be costly to all of us.

As this subcommittee, as the full committee, as the entire Senate debates the legitimacy of the programs in international education at the undergraduate level, two important questions come to mind. The first, and obvious one, is "Can we afford to continue the programs?" The second, and perhaps less obvious one, is "How can we afford not to continue them?"

Thank you, Mr. Chairman.

ROGER H. HULL

EDUCATION

University of Virginia, LL.M., 1972; S.J.D., 1974
Yale Law School, LL.B., 1967
Dartmouth College, A.B. (cum laude), 1964

PROFESSIONAL EXPERIENCE

President of Beloit College Elected on April 15, 1981 and inaugurated on October 3, 1981 as the eighth president of Wisconsin's oldest college	1981-
Vice President for Development and Planning and Adjunct Professor of Law, Syracuse University Responsibility for all development and alumni programs and all resource planning functions; professor of international law (Law School) and political science (Maxwell School)	1979-1981
Vice President for Development and Adjunct Professor of Law, Syracuse University Organizer and director of successful $35,000,000 capital campaign ($50,000,000 was raised); professor of international law	1976-1979

Special Assistant to the Chairman and Deputy Staff Director, National Security Council Interagency Task Force on Law of the Sea Conference — 1974-1976

State Department Law of the Sea liaison with government agencies, Congress, and public; negotiator of fisheries, science, and dispute settlement issues; and member, U.S. Delegation to Law of the Sea Conference

Special Counsel to Governor Linwood Holton — 1971-1974

Political adviser and legal aide to Governor of Virginia with responsibility for legislative program

Associate, White and Case — 1967-1971

Corporate and securities attorney

PUBLICATIONS

Law and Vietnam (Dobbs Ferry, Oceana, 1968) (co-authored);
The Irish Triangle (Princeton, Princeton University Press, 1976; Princeton Paperbacks, 1978)
Various articles in magazines, newspapers, and professional journals

MEMBERSHIPS AND PUBLIC SERVICE

Board of Visitors, College of William & Mary (1970-74);
Association of Governing Boards, Single Campus Public Institutions Task Force (1975)

New York Bar; Legal Aid Society; American Bar Association;
American Society of International Law

PERSONAL

Wife	Anne E. Dyson, M.D.
Date of Birth	June 18, 1942
Business Address	Beloit College, Beloit, WI 53511
Business Phone	608/365-3391
Home Address	709 College Street, Beloit, WI 53511
Home Phone	608/365-0970
Languages	French, German

STATEMENT OF LINDA FLORES

Good morning. I am Linda Flores. I appear before you today in my capacity as both the Executive Director of the Council on Legal Education Opportunity (CLEO) and, perhaps more significantly, as a CLEO Fellow, to discuss the program's fiscal year 1983 appropriation, and to address factors which make this program so important to the nation as well as the CLEO Fellows who benefit from it. Although this Subcommittee is familiar with the program's purposes and objectives, it is nonetheless important for this Subcommittee to have a complete understanding of CLEO's vital role in providing continued access to the legal profession for the economically disadvantaged and why, in this era of reduced federal spending, Congress should nevertheless continue its support of CLEO as a sound financial policy.

CLEO BACKGROUND

CLEO was formed in 1968 as a collaborative effort of the American Bar Association, the Association of American Law Schools, the Law School Admission Council and the National Bar Association; in 1972, La Raza National Lawyers Association became a sponsoring organization as well. The CLEO program was created to redress the dramatic underrepresentation of minority and economically disadvantaged groups within the legal profession. The concerns of 1968 were concrete: less than 1% of the lawyers of this country were Black and in some states there were more than 30,000 Black residents for each Black lawyer; and the comparative figures for other minority and disadvantaged groups were even more discouraging. Many people realized then that riots and other troubles in our society would not be resolved until all segments of American society had ready access to the means for eaceful dispute resolution through the legal system, and representation in the decision-making arenas of society. And while there is evidence that minority group access to legal education has increased dramatically since 1968 in contrast to previous levels, it still appears that meaningful access to graduate and professional opportunity by minority group Americans continues to be an elusive goal in the quest for greater economic and political participation in the mainstream of society. Indeed, a 1981 Annual Survey on Current Population Statistics of the Bureau of the Census reports that out of 548,000 'awyers in the United States, only 4.4% were minority attorneys. When one considers the fact that the number of all minority students enrolled in law schools has stabilized at approximately 8% over the last five years, there is little doubt that the disparity which caused CLEO's inception in 1968, as yet, has not been sufficiently ameliorated to warrant the termination of the program.

Disadvantaged groups contend that higher education has proven to be a more effective vehicle than most for obtaining a more equitable distribution of political influence. This is so simply because those persons most involved in the decision-making process of this country are, themselves, products of the higher education system. This phenomenon is particularly germane to the legal profession, given its role within the country's decision-making process generally and its historic lack of accessibility to the interests of the disadvantaged. The profession's impact on the formation of national policy is widely conceded because of the relationship of lawyers to all three branches of government, comprising almost exclusively the judicial, and significant percentages of both the legislative and executive.

The CLEO program seeks to reduce the underrepresentation of minority and economically disadvantaged groups within the legal profession by providing an alternate mechanism for assessing, within the law school environment itself, the potential of each program participant for the study of law. The program achieves its goal of identifying qualified law school candidates and providing the opportunity for law school matriculation via the peration of academic summer institutes for prospective law students and the provision of annual fellowships.

The academic component of the program is administered by seven (7) annual regional summer institutes located across the country, sponsored jointly by CLEO and regional consortia of ABA-accredited law schools. These academic institutes mirror the law school experience by providing a six-week intensive study program in legal analysis and law development and which emphasizes abstract thinking, legal research and legal writing techniques. The institutes are staffed by regular law faculty whose primary responsibility during the institute is to evaluate each student's potential for successfully mastering the law school curriculum. Students who successfully demonstrate this potential are provided law school placement assistance and an annual stipend.

The financial component of the program is provided by way of fellowships in the amount of $1,000.00 a year for each successful CLEO student. The provision of the stipend is contingent upon the satisfaction of several conditions: full-time enrollment at an ABA-accredited law school in the fall term immediately following the institute and the continuous maintenance of "good standing" status throughout the duration of the grant. Presently, over $550,000.00 annually is provided by CLEO to its Fellows enrolled in law school.

FISCAL YEAR 1983 APPROPRIATION REQUEST AND JUSTIFICATION

Since its inception in 1968, the program has operated as a model for present Administration efforts toward greater fiscal austerity coupled with substantive achievement. CLEO has long complied with the just-recently articulated three-pronged test set forth by the Administration for continued federal support of worthwhile programs: 1) demonstrated success; 2) fiscal integrity; and 3) substantial elements of voluntarism in the program.

CLEO is one of the few federally-funded programs of its type which has compiled substantial documentation of the program's overwhelming success. Since 1968, CLEO has provided an opportunity for law study to some 3,067 students. Available data clearly and convincingly demonstrates that CLEO Fellows have attained an impressive record of achievement by any measure, including performance within the academic arena of law school, bar performance, and most importantly, the employment activities of the program's graduates (See Appendix for detailed summary of the CLEO Fellows' performance data). Indeed, the program has produced more than 1,800 law school graduates involved in a broad spectrum of legal and law-related activities, including lawyers (public interest, private, corporate); judges; a state representative; law professors; executive administrators in various fields; Congressional staff, etc. The net result of the program has been increased access to the legal system and to the decision-making machinery of the country by those who have been historically disenfranchised for reason of race and/or economic status. Thus, the CLEO model of academic and financial support is one that works!

The Program has demonstrated as well its cost-effectiveness. While other federally-supported programs have increased substantially over the years in the level of funds necessary for their operation, the CLEO program has been a rare exception. In the last 8 years, the program has continued to service successfully its disadvantaged student population with virtually no increase in the amount of federal allocation. Judicious cost-saving measures have been implemented over the past several years with an eye toward fiscal austerity, including executive staff salary freezes and a significant reduction in program staff from ten to five. A careful review of the program's budget already reveals a "bare-bones" operation.

In addition, the ABA has for years been a principal contributor in its dual capacity as one of CLEO's sponsoring organizations and administrative conduit for the program's funding from the federal government. For several years the ABA has levied a relatively modest charge (in contrast to what it could legitimately charge based on applicable federal regulations) on CLEO's core budget expenditures. In 1980, the ABA secured an approved increase in the indirect rate from the federal government representing almost a 100% increase in this line item of CLEO's core budget. However, in recognition of the devastating results such an increase would have on the already overburdened costs of administering the program, the ABA is contributing the funds represented by the increased indirect rate to the program, that is, a $21,329.00 grant to the program annually. Additional funding in 1980 from the Law School Admission Council (LSAC) in the amount of $5,000.00 was provided to offset postage and printing costs of the program.

The annual stipend of $1,000 for each successful institute participant, although inadequate by today's standards, provides a minimum of federal support for the truly needy students the program services. Other federally-funded graduate and professional programs, e.g., GPOP, Public Service and Mining Fellowships, have provided stipend assistance of minimally $4,200.00 per year and some of these programs had additional institutional support components as well. This disparity in funding levels for students funded through similar federal programs under the same legislation has substantially hampered CLEO's efforts to provide even minimally acceptable financial assistance. It was to correct this disparity in assistance, coupled with the program's impressive record of achievement, which encouraged Congress to amend CLEO's legislation to provide new appropriation ceilings for CLEO under the reauthorized Higher Education Act of 1965, as Amended.

The final prong of the Administration's test has also been met. Since CLEO's inception, the federal support has served as seed money for generating the revenues necessary for the conduction of the summer institutes from the law school community. Initially, the non-federal share represented between 20-30% of the total summer institute costs. However, over the last several years, the ever-spiralling costs of legal education coupled with the effects of inflation, have thrust an even greater share of the institutes' operating costs upon the law school; given the fixed level of federal support, the law school community now absorbs approximately 60% of institute costs as a demonstration of their commitment to the program. The law schools, without federal assistance, cannot maintain the academic institutes while facing reduced education budgets.

In addition, the law schools also provide some tuition scholarships, as well as other forms of financial support to CLEO Fellows in recognition of the CLEO Fellows' marginal economic stability. At a time when legal education is, itself, in a difficult fiscal situation, it is extremely important to realize that the $1,000,000.00 of annual federal support for this program generates as much as $3,000,000.00 in cash and services annually from the law schools.

Although the Administration has justified the elimination of the funding in FY 1983 on the perceived ability of the program to attract private dollars, the proposed elimination of federal support would serve to cripple the pending fundraising initiative directed at CLEO Alumni, corporations, law firms and foundations. As suggested by the Administration and as its contribution to present efforts to limit federal spending, CLEO is launching a private fundraising campaign with which to increase the small amount of the fellowship presently awarded to program graduates to a more meaningful level. However, the Administration's proposed budget cut could signal a retrenchment in the national commitment to the program which would, in turn, chill the private sector fundraising initiative. Federal support, and partnership with the private sector in CLEO's fundraising, is a necessary prerequisite to the success of these endeavors.

The federal government has made a major commitment in the last decade to the cause of increasing educational opportunity to the poor and disadvantaged groups within our society. This is an important commitment not only in terms of fairness, but also in terms of wise allocation of resources. Compared to many federal support programs, CLEO is impressive because the payoff is concrete, clear and quick. The modest federal support is matched several times by the substantial voluntary contributions of the law school community and is repaid to the government many times over in higher taxes from these individuals and in services to their respective communities.

Although the $1,000,000.00 in federal support represents an extremely modest amount in the overall scheme toward fiscal austerity, it will have a disproportionately negative effect on the minority and disadvantaged communities the program services, particularly given other cuts in social programs. The legal profession is one of the most direct means by which these groups can be fully incorporated into the framework of this society and participate fully in its advantages and benefits. Recognizing that there are current demands on the federal purse that call for fiscal integrity, the very small amount of money required for CLEO can bestow huge dividends for the future. Therefore, on balance, the devastating impact of the Administration's budget proposal overwhelmingly outweighs any potential budgetary benefits that might be realized by elimination of the program in FY '83.

One final point need be made. My involvement here today evidences the effectiveness of the program, for it was my participation in the 1974 CLEO Summer Institute at the Seton Hall University School of Law in Newark, New Jersey which provided the opportunity to demonstrate my ability to negotiate the law school curriculum successfully. Since then, I have received my Juris Doctorate from Rutgers Law School (Newark) and a Master of Laws degree from Georgetown University and am now preparing for a career in law teaching. My insight into and firsthand knowledge of the poverty cycle, in combination with my professional training as an attorney, permits and compels me to contribute to the resolution of the problems faced by the poor and disadvantaged. Indeed, my participation in these deliberations demonstrates the success of the national effort to provide meaningful access to the decision-making process for all segments of our diverse society and is a testament to the integrity of that effort. And so it is that I appear before you to join in the valiant efforts of CLEO supporters to articulate the continuing need for this worthwhile program.

Thank you for your time and attention.

APPENDIX

CLEO FELLOWS ACADEMIC AND BAR PERFORMANCE DATA: AN ABSTRACT

The twelve years of CLEO have witnessed, among other things, a major educational accomplishment. With the gradual proliferation of affirmative action admissions programs has also come the increased availability of "performance-related" data concerning the minority group student within affirmative action admissions. Thus, many implicit yet prevailing assumptions on minority group performance within the academic arena may now be examined in ways not previously available to us. This is no small development since many of these programs were based, initially, on untested theories regarding the academic potential of minority group students. Moreover, the opportunity to examine long-term implications and societal effects of these programs vis-a-vis the current career placement of program graduates can now be explored with more than merely theoretical projection.

In view of the upcoming legislative reauthorization of CLEO, the CLEO National Office initiated a comprehensive survey in the summer of 1978 to compile relevant data on the performance of the more than 1,410 Program participants during and after their matriculation in law school to assess the Program's impact. To do so, we have examined for each CLEO Fellow surveyed several significant variables, including quantifiable law school admission credentials; performance within the academic arena of law school; bar performance; and most importantly, the employment achievements of the Program's graduates.

Scope of the Survey

The survey of CLEO graduates' academic and bar performance data involved 690 Program Fellows from the entering classes of 1968 through 1975, that is, the law graduates of the classes 1971 through 1978. The survey represented a 48.9% response from the total available pool of 1,410 CLEO law school graduates during the time period covered. It should be noted that at the time the survey was initiated no significant data on bar performance and employment pursuits was yet available from the CLEO entering classes of 1976 through 1979: the 1976 entering classes (i.e., 1979 law graduates) had not yet been fully surveyed; the entering classes of 1977 through 1979 were then enrolled in law school.

Quantifiable Law School Admission Credentials: LSAT and GPA

Of the 664 Fellows for whom we had admission test score data, the mean score of performance on the LSAT was 422 (score range: 200-800); mean UGPA was 2.76 on the scale of 4.00 = A. In the case of both mean UGPA and LSAT of the CLEO Fellows surveyed, it would be improper to project these factors alone as indicative of the potential law school performance projected for this group at-large. This approach would be particularly improper given the weight accorded to non-quantifiable data by most of the law schools which admitted these CLEO students, particularly the CLEO Summer Institute performance evaluation.

However, mean UGPA and LSAT data presents a useful basis for review between CLEO and non-CLEO law school students, particularly when variables of race/ethnicity and law school performance are factored into the analysis. For now, suffice it to say that the mean LSAT performance of CLEO Fellows of 422 was well below the average score achieved by regularly admitted students, i.e., 551.9. Similarly, the cumulative undergraduate academic record of CLEO Fellows surveyed was 2.76 while that of the traditionally accepted law school student approximated 3.02.

Law School Performance: Academic Standing

Preliminarily, it should be noted that the students covered by the survey attended a total of 107 different ABA-approved law schools. However, of the 107 schools attended by the Fellows surveyed, twenty-seven (27) particular schools are associated with a majority of students reporting: 415 of the 682 students (60.8%) for whom data on this factor is available attended one of the 27 highlighted schools. It should be noted as well that the twenty-seven schools present a varied cross-section of institutions currently serving the interests of legal education, including many schools noted nationally for their solid academic programs and rigorously applied academic standards such as the University of California (Los Angeles, Davis, and Berkeley campuses), Harvard University, Georgetown, Columbia, and others. This factor was considered significant because the data on Fellows' academic standing reflects a surprisingly successful record of performance for the period of law school enrollment.

	IN GOOD STANDING		LESS THAN GOOD STANDING	
	ABSOLUTE NO.	% OF TOTAL	ABSOLUTE NO.	% OF TOTAL
1ST YEAR	594	87.0	89	13.0
2ND YEAR	643	94.1	40	5.9
3RD YEAR	677	99.6	3	0.4

VALID CASES: 680 MISSING CASES: 10

In the first year of law school, 87% of those Fellows surveyed were reported to be in good standing at the conclusion of that period. At the conclusion of the second year of law study the number of students in good standing rose to 94.1%; and in the third year the number rose to a seemingly phenominal 99.6% in good academic standing.

The data on Fellows' academic performance is impressive. Although little national data can be found which presents a clear picture of the general minority law students' rate of retention in law schools for the time period examined, it can be said that the CLEO experience/ result is measurably better. Moreover, when one considers the "predictive index" used in determining student performance in the first year of law study, the success of the CLEO Fellows looms even greater.

Bar Performance

The results of the survey of CLEO Fellows' bar performance has established that 55.8% or 378 of the 678 graduates responding passed their respective bar examination on the first sitting, and that an additional 18.1% or 123 Fellows passed on the second attempt. A total of 73.9% or 501 of those 678 Fellows who responded had passed their respective bar examination at least by their second attempt.

It is important to note that the bar passage rates were restricted to the first jurisdiction in which a graduate sat for the bar examination; moreover, in those few cases where no specific pass date for an examination was available to discern between a bar pass on the first or second try (e.g., a June 1973 graduate whose only recorded sitting and pass on a bar examination occurred in February 1974), it was assumed for the purpose of this study that the individual first sat for the bar in the same year as his graduation; hence, the February 1974 sitting constituted the second attempt. Where no specific date of bar passage is listed, yet where bar admittance was reported, it is assumed that this admission occurred on a third or subsequent sitting.

	ABSOLUTE NO.		% OF TOTAL
PASS - 1ST ATTEMPT	378		55.8
PASS - 2ND ATTEMPT	123		18.1
PASS - 3RD ATTEMPT OR MORE	81		11.9
FAIL - NO PASS REPORTED	96		14.2
VALID CASES:	678	MISSING CASES:	12

Were one to analyze the national bar data during the years covered by the CLEO survey, i.e., 1971 - 1976, as a total pool, a national bar passage rate of 74% would be derived. The 74% figure compares favorably to the CLEO bar passage rate of 73.9%. Again, given the quantifiable data used in predicting the admission of these students to law school in the first instance, the CLEO Fellows bar performance is indeed significant.

Law School Attended/Bar Passage

The bar examination performance is viewed by many as an essential factor in determining the viability of affirmative admission programs, the policy rationale for the creation of many of these programs having been the gross underrepresentation of minority group presence in the bar. In an effort to ascertain whether the overall success of CLEO Fellows on the bar examination would remain consistent when analyzed in the context of a particular law school's graduates, an additional cross-tabulation of data was conducted pitting the individual law school attended by CLEO Fellows against the variable of bar performance.

The following listing of schools represents those schools with at least ten graduates responding to the survey. For the purpose of this analysis, bar passage was quantified not by the number of individual sittings, but rather by a more general category of bar passage "at any time." In creating the more general category, it was assumed that the ultimate passage of the bar is the more important consideration when compared with whether an applicant passed on the first, second or third attempt; as noted earlier, the substantial majority of CLEO Fellows passed the bar examination on the first or second effort.

A total of twenty-six (26) were involved in this analysis, representing 59.6% of CLEO Fellows surveyed or 401 of 673 valid cases. Of the twenty-six schools represented, fifteen (15) achieved a ninety percent (90%) or better rate of their graduates having successfully negotiated the bar; an additional seven (7) schools' graduates achieved a bar passage rate of eighty percent (80%) or better. The average total rate of bar passage for all CLEO Fellows surveyed was eighty-seven and one-half percent (87.5%) or 589 of the 673 valid cases.

Several points of interest should be noted when reviewing the following Table: First, the frequency of returns is particularly well distributed, thereby, helping to reduce concern regarding a potentially disparate or aberrational sample. Secondly, the law schools involved, and presumably the bar examination as well, reflect a broad geographic range. This factor alone helps to insure the truly national character of the data. Third, in spite of the random nature of the rate of bar passage, given the number of classes involved and the differing jurisdictions in which candidates sat for the examination, the percentage of those individual candidates who passed a bar examination remained remarkably consistent across the individual schools:

LAW SCHOOL ATTENDED/PASSED BAR AT SOME TIME

Law School	No Pass Reported Absolute No.	%	Passed Absolute No.	%	Row Total Absolute No.	% of Total Survey
1. U. of Denver	9	28.1	23	71.9	32	4.8
2. U. of New Mexico	3	10.7	25	89.3	28	4.2
3. UCLA	8	32.0	17	68.0	25	3.7
4. U. of Virginia	3	13.0	20	87.0	23	3.4
5. U. Calif-Davis	6	28.6	15	71.4	21	3.1
6. Wayne State U.	1	4.8	20	95.2	21	3.1
7. U. of Texas	0	0.0	18	100.0	18	2.7
8. Howard U.	2	11.8	15	88.2	17	2.5
9. U. of Illinois	2	12.5	14	87.5	16	2.4
10. Texas Southern U.	1	6.7	14	93.3	15	2.2
11. Georgetown U.	0	0.0	14	100.0	14	2.1
12. George Washington U.	1	7.7	12	92.3	13	1.9
13. U. of Arizona	1	7.7	12	92.3	13	1.9
14. U. of Southern Calif.	2	15.4	11	84.6	13	1.9
15. Temple U.	1	7.7	12	92.3	13	1.9
16. Arizona State U.	3	25.0	9	75.0	12	1.8
17. U. Calif-Berkeley	2	16.7	10	83.3	12	1.8
18. Columbia U.	1	9.1	10	90.9	11	1.6
19. Harvard U.	1	9.1	10	90.9	11	1.6
20. U. of Florida-Gainesville	0	0.0	11	100.0	11	1.6
21. U. of Miami	0	0.0	11	100.0	11	1.6
22. Rutgers U.-Newark	0	0.0	11	100.0	11	1.6
23. U. of Santa Clara	2	20.0	8	80.0	10	1.5
24. U. Calif-Hastings	1	10.0	9	90.0	10	1.5
25. U. of Houston	0	0.0	10	100.0	10	1.5
26. U. of Notre Dame	0	0.0	10	100.0	10	1.5

Career Patterns

To the extent that the ultimate raison d'etre of any affirmative admission program in law schools is to increase access to the decision-making process of both the private and governmental sectors by members of disadvantaged groups, the career patterns of successful graduates of these programs may be the most significant measure of the success of affirmative admissions.

The CLEO survey sought to shed some light on this question. Questionnaire returns provided career patterns data on 305 CLEO Fellows or 21.6 percent of those candidates eligible to respond. Although by no means complete, the career patterns of CLEO Fellows is particularly interesting when viewed in the context that but for CLEO, many of these attorneys would have been denied access to a legal education. It is interesting to note as well that the career activities of CLEO Fellows extend well beyond the exclusive interests (as traditionally defined) of minority communities, reflecting a job dispersal and diversity of interests of **considerable breadth.**

Judgeships	8
Elected Officials	1
Legal Education	7
Gradiate Education	5
Undergraduate Education	9

PUBLIC SECTOR

Assistant Prosecutors	3
City Attorneys	11
State District Attorneys	10
Federal Agencies, (Administration)	1
Federal Agencies, (Litigation)	25
Judge Advocates General Corps (Military)	3
Judicial Law Clerks	3
Executive Directors, Legal Services	4
Managing Attorneys, Legal Services	7
Staff Attorneys, Legal Services	32
Municipal Government (Administration)	1
Municipal Government (Litigation)	3
Municipal Government (Executive Director)	4
Public Defenders (State & Federal)	11
Public Interest Organizations (Administration)	5
Public Interest Organizations (Litigation)	1
Office of State Attorneys General	15
State Government (Administration)	2
State Government (Litigation)	11
Office of U.S. Attorney	11

PRIVATE SECTOR

Congressional Aides (House of Representatives)	1
Congressional Aides (Senate)	2
Corporate Practice (Litigation)	22
Corporations, Banks, Insurance Companies, Accounting firms, et. al. (Administration)	5
Entrepreneur (Owner of a Real Estate firm)	1
Law Clerk	2
Partner in a Law Firm (3 or more partners in firm)	17
Private Practice (Sole practitioner or partnership)	57
Staff Attorney in a Law Firm (3 or more partners in firm)	7
Staff Attorney in a Small Law Firm	1
Total	305

Conclusion

In the final analysis, the performance of CLEO Fellows speaks for itself. When one considers that the Program consciously services students that the objective predictors showed to be high risk candidates, the CLEO Fellows' academic and post-law school performance successes assume even greater significance.

SUBCOMMITTEE RECESS

Senator SCHMITT. The subcommittee will stand in recess until this afternoon at 1:30, when we will meet in room 1224, to convene public witness panels on student financial assistance, libraries, and special institutions, title IV training and advisory services, and women's educational equity and related agencies. Thank you very much.

[Whereupon, at 12:50 p.m., Thursday, May 6, the subcommittee was recessed, to reconvene at 1:30 p.m., this same day.]

(AFTERNOON SESSION, 1:30 P.M., THURSDAY, MAY 6, 1982)

NONDEPARTMENTAL WITNESSES

STATEMENT OF DR. STEPHEN UHALLEY, UNIVERSITY OF HAWAII

Senator INOUYE [presiding]. I am pleased to welcome Dr. Stephen Uhalley, professor of history and director of the Center for Asian Pacific Studies of the University of Hawaii. It happens to be my State.

Dr. UHALLEY. Yes, indeed, Senator, thank you very much for giving me this opportunity to speak before the subcommittee.

I have made this long trip—one that you are well familiar with—because I am gravely concerned about the administration's cutting of funds for title VI of the Higher Education Act; and particularly by its proposal for 1983.

I speak on behalf of many universities across the country which have invested greatly in international studies and foreign language programs, and which would be greatly damaged by any drastic upheaval in these programs, such as would happen if these cuts were implemented.

The long-term effect would be severe. It would take years after the restoration of funding to reestablish programs that would be dismantled by the cuts, to bring them back to current levels, much less to the higher levels recommended as appropriate in recent national studies.

For example, our President's Commission for Foreign Languages and International Studies, and the task force report this year of the National Council for Foreign Language and International Studies.

The impact of the proposed cuts would be most damaging and disheartening to our programs and efforts at the University of Hawaii.

The university has responded to the growing role that both Hawaii and our country plays in the exceedingly important and strategic Pacific basin. For a long time the State and the university have been investing in programs that enable us to know more about and to understand our often dynamic Asian neighbors.

Some of our programs are now among the best in the world. Our new Center for Asian and Pacific Studies is yet another expression of our desire to put all of our resources together so that our programs will be as effective and as useful as possible.

Now, Federal funds for our three national resource centers, which are constituent parts of our overall program, and the National Resource Fellowship funds, have been an important part of this building process.

These funds help us to reach out to the community, including the business community, with services that improve their understanding and their profitability.

The Federal funds help us make some of our foreign language programs more effective. The fact that Federal funding is there implies national recognition of our efforts, and this enhances our prospects for State and private funding.

But if the Federal funding stops, the situation changes drastically.

Many services to the community would cease. Certain important summer language programs would stop. And our ability to provide courses in such languages as Tagalo and Ilokano, and in Vietnamese, Khmer, and Laotion, would be severely restricted.

The lack of Federal support would have a deleterious effect on private funding, and the State legislature would raise legitimate questions as to why our Hawaii taxpayers should be supporting programs that are so much more in the national interest than in the interest of the State alone.

Thus, our effort to build a program that helps Hawaii and the country, contributes productively to the exciting new Asia of the Pacific, by supplying appropriate new knowledge of the countries and of the peoples of the area, and by graduating appropriate numbers of well-trained specialists in the rich languages and cultures of the broad Pacific basin, is seriously jeopardized by the administration's proposal.

The President's Commission on Foreign Languages and International Studies recommended a minimum of $75 million for such studies. And this was a recommendation made, now, 3 years ago.

The administration now proposes only $8.7 million for 1983, which is 54 percent lower than the present continuing resolution level.

I strongly recommend that the original 1983 authorization of approximately $30 million be restored, and that serious consideration be given to the needs identified in national studies to substantially increase that amount in subsequent years.

Thank you, Senator.

QUESTIONS

Senator INOUYE. What is the response of students to programs such as this? Do you have a large number applying?

Dr. UHALLEY. We have a very gratifying number applying to these programs; yes, they are always fully subscribed. And certainly the National Resource Fellowships are fully subscribed with excellent students from our own State, and from other States, as well.

Our students in our language programs generally, East Asian languages, are perhaps larger than any other university in the country, far larger than any other university; that is, students of the Japanese language, Chinese, those two in particular.

Senator INOUYE. I cannot help but recall not too many years ago I was reading one of our national reports, and I think it was about 6 years ago; and at that time, approximately 50,000 Americans—of all age groups—were studying Russian.

And in Russia there were 5 million Russians studying English.

Dr. UHALLEY. Yes.

Senator INOUYE. And more recently during the Iran crisis we found that in the whole State Department that throughout the United States, there were only three persons who had a working knowledge of the native tongue there.

And it was a touch-and-go situation. We could hardly understand the communication that was going on between the forces in Iran.

So I am very supportive of what you are doing in the national interest, not from the standpoint of Hawaii; and I can assure you that we will do our best to increase the funds.

But I am certain you are well aware that at the present time the budget is foremost in our minds, and it must so be.

Dr. UHALLEY. Thank you very much.

Senator INOUYE. I thank you for traveling this long distance to present your testimony; for that, we are most grateful, sir.

Dr. UHALLEY. Thank you.

PREPARED STATEMENT

Senator INOUYE. Thank you very much.

Without objection, your full statement will be made a part of the record.

[The statement follows:]

STATEMENT OF DR. STEPHEN UHALLEY, JR.

Thank you for this opportunity to discuss federal support for foreign language and international studies in the United States. I speak as a Professor of History specializing primarily in modern and contemporary Asia, as the Acting Director of our University's Center for Asian and Pacific Studies, and as the Director of our Asian Studies Program. We currently have three national resource centers supported under Title VI of the Higher Education Act, one each for East Asian, Southeast Asian, and Pacific language and area studies.

The State of Hawaii is strategically located as an important crossroads of the Pacific Basin. Hawaii's role in national affairs continues to be enhanced as U.S. economic and other relationships in the Pacific Basin broaden and become more complex. As you know, American trade across the Pacific has for some time surpassed the Atlantic trade, and the gap between the two trades is likely to continue and to widen. Many in the State of Hawaii's political and community leadership have responded to this trend--as well as to the unique cultural orientations and interests of their constituencies--and knowledge of the Pacific Basin has been given serious priority by the State. As a result, the University of Hawaii has the largest concentration by far of Asian and Pacific specialists of any university in the United States. Accordingly, the University of Hawaii teaches the largest number of courses on Asia and the Pacific, and it teaches the largest numbers both of Asian and Pacific languages and of students of those languages. Our commitment to the understanding of the peoples and cultures of the broad and populous Pacific Basin is clear and unequivocal.

In the light of this very real commitment and contribution made by the people of our State toward the international understanding that is so vital to our national interest, perhaps you can appreciate our sense of apprehension over the Administration's current budget cuts in this vital area and especially over its proposal for 1983. We are deeply *concerned* about the proposed cuts and, in light of the Administration's apparent emphasis on national defense matters, we are deeply *puzzled* as well. For the Administration to define its response to national defense needs in purely military terms would be extremely shortsighted. It is surely just as important to know others as to match or exceed their military strength. Knowledge itself is power. It is power that can be used to neutralize enemies; it can be the basis for sound, prudent, and productive relationships with other nations.

Some of you will recall that many of our country's foreign area specialists were created in large part by programs sponsored in wartime--World War II and the Korean War--to make up for pre-war lacks. We are still drawing on that pool. But what is to be done as these people age and retire? Must we have another war before our nation again recognizes the necessity of having sufficient foreign area specialists on a continuing basis?

The current Administration's response to national needs contrasts sharply with that made in a roughly analogous situation almost a quarter century ago. President Dwight Eisenhower and the Congress responded to the shock of Sputnik--which dramatically exposed the results of national inattention to scientific and foreign area knowledge--by bringing forth the National Defense Education Act, providing funds that greatly stimulated foreign area and language training and research. Yet today, when the position of the United States *vis-a-vis* the rest of the world is much less commanding and secure than it was in the late 1950s, the Administration plans to drastically reduce the already modest funds available for such studies.

Only this year the National Council on Foreign Language and International Studies concluded a study which greatly heightens our awareness of the disparity between available expertise and national needs. In Hawaii's own area of primary involvement and concern--that is, in the Western Pacific Basin and the Pacific Islands--the National Council's draft Report of the Task Force on National Manpower Targets for Advanced Research on Foreign Areas holds that the United States needs to double the number of "primary knowledge producers" (those who work at a highly specialized level in academia and in government) who specialize in Northeast Asia from an estimated 165 at the present time to 330 at "a bare minimum." The Report also suggests a doubling of the present 300 history and social science specialists at top universities, along with appropriate increases in language instructors and in government specialists. The Report holds that these are not large numbers, especially given "the multiplicity of American concerns with Northeast Asia, and the certainty that these will increase...." These estimates proceeded from a comparison with Soviet specialists on Northeast Asia, "the great majority of them superbly equipped," against which investment our own effort and resources of today "are weak." The Report claims that the "Southeast Asian situation presents a picture of severe deficits, growing worse...." The recommendation is that the present 950 specialists (about 400 of whom are "core producers" and only 29 are in foreign language training) be increased to 1,500, of whom 145 should be language specialists. Similarly, it advocated that the present American cadre of ten full-time specialists on the Pacific Islands be appropriately increased.

In a separate study, the President's Commission on Foreign Language and International Studies only a couple of years ago reported that a minimum need for funding foreign language and area studies would be $75 million. Instead, the Administration now proposes $8.7 million for 1983--which is 54% lower than the present continuing resolution level.

In the face of the evidence on the urgency of our national need in international studies, the Administration's proposal is suicidal. The proposed figure of $8.7 million would eliminate 40 of the present 90 national resource centers. Furthermore, the Administration proposes to cut the number of foreign language and area fellowships from 905 in FY 1981 (of which 205 are for intensive summer language study) to 343 academic year-only fellowships in FY 1983. Thus, instead of responding to the obviously urgent need for more international expertise, the Administration curiously continues to seek to reduce our capabilities in this important regard.

We in Hawaii are not particularly mollified by the Administration's intention to concentrate the remaining Title VI resources in the two areas of Asia and the Middle East. Naturally, we believe that both areas are exceedingly important, and we are gratified that the role of Asia is coming to be well appreciated. However, we must wonder about the decision-making process whereby the study of other areas of the globe which are currently so important to our country are virtually to be eliminated from Title VI funding. What is all the talk of crises in Central America, in Poland, in the South Atlantic, and of the weakening relationships with Europe, among other problems, if we are so little concerned as not to strengthen the careful production of knowledgeable specialists on those areas? What assurances do we have that support for the study of

Asia will not be accorded the same, seemingly arbitrary treatment the following year?

And what would be the impact on our particular programs in Hawaii? Let me use this familiar specific example to indicate the kinds of impacts to be expected on all such programs. Our three national resource center grants enable us to engage in programs important to the national interest. Federal funding helps us to fill gaps in our basic program so as to provide a comprehensive national resource of knowledge and instruction, to strengthen and make nationally available our extensive library holdings, and to develop consultant services for local, state, and federal government agencies. Without federal assistance, gaps would reappear, library acquisitions would decline and holdings would be less accessible, and consultant services would greatly diminish. Our centers also enable us to develop activities to strengthen American international business prospects as well as to provide a number of educational services and materials to schools and community groups. Without federal assistance, almost all of these services would disappear. Federal funds have assisted us to develop significant resources for the study of Indochina and the Philippines. Without these funds, summer language programs would cease and our ability to provide courses in such languages as Tagalog and Ilokano, Vietnamese, Khmer (Cambodian), and Laotion would be severely restricted. Without fellowship and faculty development funding assistance, the prospects for developing future specialists as well as maintaining current specialized knowledge would plummet along with the diminishing amounts of funds available.

These are some of the effects on the programs as they exist today in the State of Hawaii. It is unfair to expect the taxpayers of Hawaii to shoulder alone the burden of studies that are so manifestly more in our national interest than in that of the small State of Hawaii. Hawaii's programs have been developed in cooperation with substantial federal support. The provision of this support confirms our own estimate of the importance of such studies to the U.S. national interest and reinforces our willingness to exploit our own unique resources in support of a national need. The same is true, I am sure, of universities in other states.

I would like to make one final, extremely important point on behalf of all U.S. universities, including my own University of Hawaii. Our country's universities have made substantial investments in long-term programs to meet the country's need for knowledge of foreign areas. These programs form a solid basis of institutional research and instruction that can provide the kind of long-term, thoughtful and dispassionate study and learning required to produce reliable area expertise and knowledge. A drastic upheaval in these programs, such as that which would result from the proposed funding cuts, would have long-term effects far more severe than simply the creation of a temporary hiatus in the pursuit of U.S. knowledge of foreign areas. It could take years after the restoration of funding to re-establish the programs that would be dismantled by the cuts, to bring them back to current levels, much less to the levels recommended as appropriate in recent studies. Further, the type of knowledge gained through university programs cannot be replaced by short-term analyses contracted out during crisis periods to independent agents and consultancies. Even the best of these depend upon university programs to produce their personnel and to maintain a reservoir of knowledge and resources on which they can draw. Such organizations simply cannot afford to develop and maintain the infrastructure required to provide long-term, balanced, comprehensive treatment of the complexities of international relations.

The required infrastructure does exist, however (albeit needing further development), and it exists as a result of a fruitful partnership between the federal government and the universities. In this partnership, federal support has facilitated the development of a basic core of scholarly resources for foreign language and area studies that can be brought to a level commensurate with national needs for knowledge of other cultures and societies. The partnership itself constitutes a useful "national resource," within the context of which the national resource centers discussed above have been able to produce. The partnership has developed and conducted the fellowship programs that produce our future area specialists, the Fulbright faculty research programs that help to keep our specialists up to date, and the research programs that strengthen our teaching of foreign language and area studies.

The universities, for their part, have made a tremendous investment in foreign language and area studies. But they cannot--and should not--be expected to carry them forward to a level which can address the national need without substantial national support. And while we recognize the inevitable need to set priorities in the absence of unlimited resources, we must not forget that the national need is for knowledge of all important foreign areas. This knowledge is essential if we are to avert the misunderstandings that result in conflict or, that failing, to respond effectively and appropriately to resolve conflict peaceably.

In the interests of world peace and the security and well-being of our own country, I strongly recommend that the original FY 1983 authorization of approximately $30 million be restored and that serious consideration be given to the needs identified in national studies to substantially increase that amount in subsequent budgets.

Summary of Recommendations

Both recent national studies and past national experience affirm the necessity of maintaining, on a continuous basis, foreign area specialists in sufficient numbers to fill the national need for knowledge of all important foreign areas. Because the need is national, and related to national security, it is unfair, unrealistic, and dangerous to expect the states and individual universities to shoulder the major responsibility for and costs of developing and maintaining such expertise. Only a combination of federal and university resources can assure the maintenance of such specialists in the quantity and variety required in the national interest. Current quantity and variety are inadequate; the proposed cuts in the level of federal support would increase U.S. vulnerability; and the effects of even a temporary reduction in support would have severe long-term effects.

Therefore, in the interests of world peace and the security and well-being of our own country, I strongly recommend that the original FY 1983 authorization of approximately $30 million be restored and that serious consideration be given to the needs identified in national studies to substantially increase that amount in subsequent years.

STUDENT FINANCIAL ASSISTANCE PANEL

STATEMENTS OF:

DR. ROBERT L. CLODIUS, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES

REV. T. BYRON COLLINS, S.J., GEORGETOWN UNIVERSITY

MARK TALLMAN, ASSOCIATED STUDENTS FOR HIGHER EDUCATION

ROBERT J. GALLIONE, NATIONAL ASSOCIATION OF STUDENT EMPLOYMENT ADMINISTRATORS

DR. ALBERT MANLEY, PRESIDENT EMERITUS, SPELLMAN COLLEGE, FOR THE UNITED NEGRO COLLEGE FUND

PATRICK ROMANO, MEDICAL STUDENT, GEORGETOWN, AMERICAN MEDICAL STUDENTS ASSOCIATION

Senator INOUYE. This afternoon the subcommittee will conclude its public witness testimony by hearing from four panels of public witnesses.

The first panel will present testimony on student financial assistance.

The second will discuss libraries and special institutions.

The third will testify on title IV training and advisory services and women's educational equity act.

And the fourth will discuss related agencies under the subcommittee's jurisdiction.

In order to accommodate the large number of witnesses and the diverse subjects covered, we are requesting each panel to limit its presentation to approximately 30 minutes.

And so, if I may, I would like to call upon the first panel, and it's made up of the president of the National Association of State Universities and Land Grant Colleges, Dr. Robert Clodius; the special assistant for Federal Relations, office of the president, Georgetown University, the Reverend T. Bryon Collins; the associate director for Public Affairs, Associated Students for Higher Education, Mr. Mark Tallman; the legislative committee member of the National Association of Student Employment Administrators, Mr. Robert J. Gallione; and the president emeritus of Spellman College, Dr. Albert Manley.

STATEMENT OF DR. ROBERT CLODIUS

Dr. CLODIUS. Thank you, Mr. Chairman. We have had a little conversation among ourselves, and have agreed that each of us will take 6 minutes in order to be able to stay within your deadline.

My name is Robert L. Clodius, and I am president of the National Association of State Universities and Land Grant Colleges, presenting the testimony today as you see I am before you.

I am also a professor in economics on leave from the University of Wisconsin in Madison, where I have been a member of the staff for 32 years; and I also served overseas in Indonesia for 6 years. And that's where I had the pleasure of first meeting you on one of your visits to that country back in, oh, about 1973 or 1974.

You have received many studies and analyses and evaluations of student aid programs and what should be done to them if the proposals of the administration were accepted by the Congress.

We have produced here a statement that addresses the current mythology and misleading statements that have been made popular by repetition.

We believe that it is important that some facts regarding the impacts of changes in student aid be set on the record. And of course I would like to submit this document for the record, and for your consideration.

One of the myths is that State governments will make up the cuts in Federal aid.

And to us this appears highly unlikely.

According to the Education Commission of the State and based on a survey in all State legislatures, "In all but energy-rich States, money is in short supply and demands for social services are up as the economy gradually puts more people on the unemployment rolls and increases those needing special State funds . . . it is not likely that all Federal programs will be continued with State funds."

Another myth is that low income students will not be hurt.

The administration's argument that a low-income student can receive $9,000 in aid is deceptive and misleading. As some of our people have observed rather humorously, for this hypothetical student to receive $9,200 in aid, he would have to have one parent on welfare and the other parent as a bank president, in order to qualify for this situation. So the argument is totally unrealistic.

Another myth is that historically black colleges will not be hurt.

That just simply is not true. There is no question that minority students from black colleges will be devastated by the effects of the combined cuts in Pell, SEOG, NDSL, and other programs.

Myth No. 4—cuts in student aid are just going back to pre-MISAA levels, the middle-income student act.

Fact: The proposed $1.4 billion Pell budget would be the lowest funding level, not just since MISAA in 1979, but would be the lowest since the Pell program was fully operational in 1976.

Another fact is that the combined campus-based funding in 1978, the last year before MISAA equalled $1.03 billion. The administration's fiscal year 1983 request is $398 million, approximately a 60-percent reduction.

Another myth is that State universities will not be too badly hurt by the cuts.

The facts are that if the Reagan budget is enacted it would mean enormous losses for students at 4-year public institutions. In all, a $716.4 million loss in student aid at 4-year public institutions affecting more than 800,000 students attending these institutions.

Mr. Chairman, it must be very troubling to hear one set of judgments of numbers from the administration, and another one from us.

Can these differences be understood?

Can they be reconciled without impugning the integrity of the witnesses who appear before you?

I think so.

When economists disagree, as we frequently do, sometimes it is due to use of different data. Most often it is due to different assumptions.

So we always go back to examine the assumptions to see how realistic they are.

When assumptions are more realistic, projections have greater reliability.

A case in point is the myth that graduate students will continue to be eligible for loans after they have been eliminated from the GSL.

As you know, the administration proposes to transfer graduate and professional students from GSL to the auxiliary loan student assistance program, so called ALAS.

The administration assumes an ALAS loan volume of $2.5 billion in fiscal year 1982, and $4.4 billion in 1983.

The National Council of Higher Education loan program, based on a survey of State agencies, projects loan volumes for October 1981 through December 1982, to be $490 million, far below the Department's $2.5 billion.

The Congressional Budget Office estimates that loans in ALAS in fiscal year 1983 will be less than $400 million.

On the supply side of this equation, few banks show any interest in making such ALAS loans to students. According to the person who manages student loans for the First National Bank of Chicago, "it"—that is to say the ALAS program—"may be an alternative in theory, but in practice it probably won't be viable. For every bank that will do it, I think you could find five that won't."

And on the demand side, even if graduate students were able to find an ALAS loan, the program terms, 14-percent interest payable while in school, makes the program too costly and creates an impossible burden on most students.

There you have it: Unrealistic assumptions lead to unreliable conclusions; and that is no basis for public policy.

Thank you again for the privilege of presenting this statement.

Senator INOUYE. I thank you very much, doctor.

I would like to assure all members of the panel that, although the committee has asked you to abbreviate your statements and summarize them, your full statement will be made a part of this record. And I can give you my personal assurance that I will read every word of it.

I have long suggested and I still believe that the most important program that this Government initiated in this century was the G.I. Bill of Rights.

And like your programs that you're advocating here and supporting, it has been the most cost effective and the most productive. We have billions and billions of dollars being spent, proportionally much of it nonproductive, and from the tests of cost-effectiveness, that get a zero.

But here we have the most cost-effective and the most productive; and, like you, I cannot understand why the cuts are being made in this area.

If we are thinking of the future of the United States, this is where we should focus our attention. After all, the difference between this country and many others is the fact that we do have a large so-called middle class of sufficiently educated men and women.

And with this type of program we will not be able to continue on as we have.

So you have my support. I will try to convince my colleagues.

I suppose the next speaker will be Rev. Byron Collins?

STATEMENT OF REV. T. BYRON COLLINS, S.J.

Rev. COLLINS. It is.

Senator INOUYE. He's an old customer here. [Laughter.]

Rev. COLLINS. I will just highlight my testimony.

Senator INOUYE. He always wins, too. [Laughter.]

Rev. COLLINS. First, the National Health Service Corps program asks for no new scholarships and there's a dramatic proposal for cutting students presently under contract to strike them from future years at 50 percent—this is unfair to students who came in the program.

But the thing that isn't pointed out, is this is tied to the military scholarships, the military health scholarships. So if the committee approved that, the military will be cut in half.

I would like you to look at that.

HPSL, the Health Professions Student Loan, and Nursing Student Loan—we would like to recommend they be kept at the 1982 level.

These are for low-income people, carefully administered for the most part. There are some faults in them.

The agency proposes a default program. We would like to point out to the committee, that the agency's proposal of default for the HPSL will—and the NSL—will cause more default. They should use bank norms. If they do, they don't have default and you take them to court.

HEAL—the proposal is to limit that, it's a disaster loan program for medical students, dental students, and veterinary students. It's a disaster loan. They use that as last resort.

It's proposed to cap that at $80 million. It should be left at the authorizing level.

I think, Senator, you were involved when we set the HEAL program in place. There cannot be default. They cannot be bankrupt. If a student doesn't pay it, pay the money back, his medicare-medicaid entitlement is taken. He can't bankrupt. We ought to be careful. That's not understood. But I was involved in that one.

Guaranteed Student Loans—we ask the Senate: Please do not change anything in fiscal year 1982. You will wreck higher education if you do it.

We must have time, whatever is done. Please do not change it in 1982.

Nursing—we need to have for leadership a cadre of nurses. This is critical across the Nation. And we ask that especially in the traineeship and advanced nursing, that they be left at the same level as 1982.

I cede my last couple of minutes to a student, who's from Georgetown, who represents all the medical students in the United States, Patrick Romano.

Senator INOUYE. You are entirely welcome.

STATEMENT OF PATRICK ROMANO

Mr. ROMANO. Thank you.

Mr. Chairman, my name is Patrick Romano, I'm a third-year student at Georgetown; and I'm the national president of the American Medical Students' Association, which represents 23,000 medical students across the country.

I would like to endorse the testimony that Father Collins just presented, and point out a couple of particular reasons why students are concerned about the administration's proposed cutback in financial aid.

First of all, adequate financial aid is important to allow medical—to allow people from diverse socioeconomic backgrounds to attend medical school, and to improve the ethnic and racial balance in the medical profession.

Tuition alone at my school is $15,950 this year. The average tuition for all private schools is $9,108.

Most of my classmates and I were only accepted by Georgetown; so we didn't have the option of going to a cheaper school.

If it weren't for the National Health Services Corps Scholarship program and the guaranteed student loan program, my family wouldn't have been able to put me through medical school.

Second, medical students who are forced to rely exclusively on the expensive HEAL program have a strong incentive to enter high-paying specialties, like orthopedics and urology.

A Government report by the GMENAC group predicted that these high-paying specialties are precisely the ones that will have the greatest surplus of physicians by the year 1990.

Finally, adequate financial aid is important so that physicians can afford to locate in health-manpower-shortage areas. The higher my debt level is when I complete my residency training, the more difficult it will be for me to set up practice in an area with questionable income potential.

More and more physicians will want to play it safe by locating in areas like upper Northwest, rather than Anacostia or rural Kentucky.

I thank you for the opportunity to present some of my views and encourage you to look at our written statement.

Thank you.

QUESTIONS

Senator INOUYE. What would happen to you if we did away with the programs that have been supportive of your efforts?

Mr. ROMANO. Me, personally?

Senator Inouye, I am on National Health Service Corps Scholarship right now, and I would have to borrow completely from HEAL in order to finance my final year of medical school. And that would involve borrowing about $20,000 at 16- to 19-percent interest, which would mean that it would be very difficult for me to later go on and practice in a rural, poor, area—as I want to do.

Senator INOUYE. So you would be one of those taking up urology or orthopedic surgery and plastic surgery?

Mr. ROMANO. That's what the pressure would force me to do, yes, sir.

Senator INOUYE. At one time I aspired to become a doctor, so I can understand; and I wish you the best. And I look forward to the day when you get your M.D.

Our next witness is Mr. Tallman.

STATEMENT OF MARK TALLMAN

Mr. TALLMAN. Thank you, Mr. Chairman.

I am the executive director of the Associated Students of Kansas, which represents 82,000 students in the seven public universities of Kansas.

The Associated Students for Higher Education asked me to speak to you today as a student myself, and someone who directly represents students. I am not an expert on student financial aid. But I think I can talk to you about how students of this country view the issue of Federal student aid.

I am talking about the millions of Americans quietly attending classes every day, every night, and every week across this country. Over the years many of these students have come to depend on Federal financial assistance for deriving the cost of a college education.

They do not look on this assistance as a handout.

Put horror stories aside, because for every student-abuse of Government programs, 100 students are using them as they were intended.

The fact is, that the overwhelming majority of students receiving Federal assistance, study hard, make decent grades, pay back their obligations, and go on to lead fulfilling, productive lives.

Can anyone doubt this was the intention of these programs, and that they have worked as intended?

Certainly there have been abuses and inefficiency within these programs. But we believe actions are being taken to correct them. Colleges are getting tougher about academic standards, and they are collecting defaulted loans.

The national default rate for students has gone down to levels we believe are acceptable.

And last year when Congress voted for tougher restrictions on student loans, there was far less outcry than you have been seeing this year; because students were aware there had been abuses, and that they should be stopped.

But this year is different.

Students are reacting to President Reagan's proposals for deep cuts in student aid with anger and frustration. First, because these cuts go far beyond addressing any waste or abuse, and, second, because the administration continues to claims that these cuts would not really affect students who need assistance.

The administration is trying to achieve major reductions in student aid programs, and then claim no real reductions are made.

I think American students deserve more credit than the administration is giving them by telling them they are simply being misled.

As your committee deliberates on what funding should be provided for student aid in the 1983 budget, we believe two views should be kept in mind:

The first is the individual view—what effect will deep cuts in student aid have on the individual students?

We are particularly concerned, of course, about lower-income students, who simply do not have the extra resources to absorb additional college costs.

Remember, most of this aid is already need-based, and if Federal assistance is cut, we have to ask, where can students turn? To the States?

In my State of Kansas, which is relatively prosperous by current standards, the only thing the State is offering this year is a 20-percent increase in tuition.

Students might be able to turn to part-time work or full-time work in the summer, but, again, to turn to my own example, in the city of Topeka, many of the businesses are saying that they aren't going to be able to hire the students that ordinarily work, much less absorb a large number of students seeking additional work.

The fact is, major reductions in student aid will inevitably make it more difficult for many students to attend or complete a college degree.

And this brings me to the second view, which I want you to keep in mind, and that is the effect that higher education policy has on our society as a whole.

Some say that the Federal Government has no obligation to pay a student's way through college; and in fact, that is true.

Some even say that if the President's cuts were all accepted, those who really want to attend college could find some way to do it. That may even be true.

But it is almost impossible to deny that with these kinds of reductions, coupled with the ever-rising cost of attending school, many students will certainly be discouraged from doing so.

The question is: Should this be our national policy?

Last year President Reagan urged, and Congress adopted, a massive plan of tax cuts and incentives to encourage businesses and workers to be more productive, to work harder and invest more, to look at the long-term needs of the Nation.

This year the same President has proposed a plan that would discourage the long-term training and education of our people.

Let us put aside our concern for the individual if we must. Let us consider the future of our Nation with fewer students, with fewer doctors and medical technicians, fewer engineers and architects, fewer teachers and social workers, fewer artists and accountants, fewer scientists and researchers.

Does this sound like a prescription for a stronger, better America?

We think not. And we urge you to support student aid programs to the limits of current law. Thank you very much.

QUESTIONS

Senator INOUYE. In your statement you mention that the default rate is now acceptable. What is the default rate for the guaranteed student loan program?

Mr. TALLMAN. It has been brought down to about 10 percent of the overall.

Senator INOUYE. And the NDSL program?

Mr. TALLMAN. I am not certain, but I believe that it's somewhat higher, about—in the 15- to 16-percent range, which I think reflects the fact that these loans are made to the low-income people; and also the fact that institutions have had to try to collect those loans.

Senator INOUYE. You alluded in your statement oftentimes we hear more about the horror stories than the good stories. And I think you have an extra burden on yourself in trying to assure the Congress that the horror stories represent a small minority of the students who are now benefiting from these programs.

And I thank you very much for your statement.

Mr. TALLMAN. Thank you.

Senator INOUYE. Our next witness is Mr. Robert J. Gallione.

STATEMENT OF ROBERT J. GALLIONE

Mr. GALLIONE. I couldn't follow a more appropriate speaker—I am the legislative committee chairman of the National Association of Student Employment Administrators; and I note with interest the problem you are having out in Kansas.

We're kind of the "new kid on the block." I want to tell you a little bit about my association.

We are composed of professionals from public and private postsecondary education institutions, State and municipal government, and not for profit organizations, working in all areas of student employment.

My topic today will be primarily the college work-study program which is funded under title IV of the Higher Education Act.

As you might be aware, the college work-study program is administered through the Office of Education to enable colleges to provide part-time on-campus and full-time summer jobs for aid students.

In the case of your situation, we have—I work at Columbia University—students who are coming to me now and saying, I want to go home for work. I have made some inquiries. No one in Topeka is hiring.

The college work-study program is able through an arrangement that's made with kids' schools to establish an agreement with a not-for-profit agency in Topeka, whether it be municipal government, whether it be a neighborhood youth program, whether it be the recreation department. And that student will be able to go home, work for the summer, and perhaps earn $1,200, and apply that money toward next year's tuition costs.

The college work-study program is part of a package that is generally given to students who are in need of financial aid. If we were to pull out that piece of the package now, as is being proposed with the funding levels that the administration is putting forward for next year, I think that we would be denying a number of students an opportunity to have access to education, and to continue that experience.

I do want to just throw a few figures out, just to give you some sense of what the budget proposals for next year mean.

The program this year is funded at $528 million. The proposal for 1983 is $398 million, a 25-percent reduction at a time of increasing need.

Nationwide that would mean this year we have 880,000 students employed through the college work study program, next year that would be reduced to 720,000.

In New York State alone there would be a loss of $11 million, and a loss of about 13,000 students.

The numbers speak for themselves.

I think at this point I should mention something else that exists within the provisions of the college work study program, and that is the fact that Federal moneys through the college work study program are used for something called the job vocation and development program.

Administrative moneys are used so that a school can go out and generate jobs with private sector employers as well as with public sector employers.

A case in point that I have been informed of is that in New York City one school alone was able to generate over $400,000 in money for students through jobs they developed at a minimum expenditure of administrative monies through the college work study program.

If I could just kind of summarize the key points I want to make—and I look forward to a dialogue with you—the legislative committee of the National Association of Student Employment Administrators respectfully calls upon the Congress to reject the administration's college work study budget proposal for 1983.

A further reduction in funding of this student aid program would diminish many opportunities for students to attend school.

We ask you to continue to fund this program at the 1981 authorized level of $550 million.

I think we would be good citizens in not asking for a further reduction of this program, given the inflation that has occurred since 1980, given the increased needs that we are experiencing and seeing.

In conclusion, Senator, I would also mention that 12 years ago as a graduate student, I worked my way through college. I can appreciate the importance of the positive learning experience one gets from it, the exposure to real life experiences; and I do hope that we can do whatever we can to encourage this kind of American work ethic.

QUESTIONS

Senator INOUYE. How many students benefit from this program?

Mr. GALLIONE. In this fiscal year, it will be about 880,000.

Senator INOUYE. I am certain you are aware that yesterday the budget committee reached a tentative decision which is subject to debate and final disposition by the Senate, and later on by the House; and that decision was to freeze the appropriation at the 1982 level, which would mean, in your case, $528 million, which is just a little less than $550 million.

If we can hold it at that point, you won't complain; would you?

Mr. GALLIONE. But this program is forward-funded, so the budget you're talking about would impact next academic year.

I am speaking in the long range play as well, and in terms of fiscal 1983, it would affect the 1983–84 academic year.

Senator INOUYE. We will do our best, sir.

And, finally, our last member of the panel is the very distinguished president emeritus of the Spellman College, representing the United Negro College Fund, Inc., Dr. Albert Manley.

Dr. Manley, welcome, sir.

STATEMENT OF DR. ALBERT MANLEY

Dr. MANLEY. Thank you, Senator.

As you have mentioned, I am representing the United Negro College Fund, a fund which represents 42 historically black colleges and universities, with an enrollment of 50,000 students.

I am pleased to have this opportunity to appear before you today to discuss the implications of the fiscal 1983 budget on higher education as presented by this administration.

I speak with deep concern, knowing that along with the already-implemented cuts in Federal student aid programs which are causing severe dislocation for students and universities alike, the reduction in the programs proposed by the administration for fiscal year 1983 would have a devastating impact on hundreds of thousands of young people, preventing them from continuing with their education or forcing them to alter their plans in substantial ways.

Let me identify some of the significant consequences of these proposed cuts in student financial aid for UNCF institutions and their students.

First, the number of UNCF students on Pell grants would be reduced from 32,169 this year to 28,310 in 1982–83 and 1983–84.

The proposed elimination of the supplemental educational grant program would withdraw all funding that in the current academic year help support over 16,000 students.

The elimination of the State student incentive grant program would terminate aid that is now available to another 13,000-plus students.

In sum, then, nearly 34,091 students receiving aid this year, would not be eligible 2 years hence. That equals 68 percent of our student body in these institutions.

The proposed additional cuts in the fiscal year 1983 budget will further increase this problem and ultimately force many qualified students to withdraw or be dropped from school because of nonpayment of their accounts. Student fees and fundraising for unrestricted gifts are the major sources of working capital for current operations.

Currently, 72 percent of UNCF students receive Pell grants. A reduction in Pell grant awards for students of need would make it impossible to continue enrollment of many of our current students altogether.

It is important to note that for the BEOG funding year, 80 to 90 percent of the student population of each of our institutions have been in the category of the needy as measured by the criteria of Pell and other financial aid programs.

If Pell grants to our students are reduced, the effects on our students and institutions will be serious. The United Negro College Fund, therefore, requests a funding level of $3.066 billion with a maximum award of $1,800; and that's for all students.

The United Negro College Fund recommends retention of the supplemental education opportunity grant at a funding level of $385 million. Presently about 615,000 students receive these awards and 37.4 percent of the UNCF students receive this same award.

The proposed elimination of this grant would discourage student enrollment and seriously undermine the national policy of access and of choice.

Now, the college work-study—currently 46 percent of UNCF students are provided with this self-help program which provides assistance to low-income students.

A reduction of 28 percent, to $397.5 million, would remove an estimated 250,000 students from job opportunities.

The State student incentive grant would also be affected adversely if the current funding that is being proposed; and the same thing is true about the national direct student loan.

In summary, Senator, I would like to note that these proposed budget cuts will put great stress on the opportunities colleges in this Nation have to provide the much needed manpower to speed economic growth.

In the long run, these cuts will close the door on millions of individuals, young and old, who desire an opportunity for higher education.

In the day before yesterday's New York Times, three of the most prestigious private schools expressed concern about the proposed Federal budget cuts and how they would significantly affect their freshman enrollment this fall.

Three of the schools mentioned were Yale, Harvard, and Princeton.

Now, if this trend continues it will become impossible to reeducate and retrain the underemployed and unemployed with diminishing Federal responsibility.

Senator, in our society the education of the citizenry to meet the needs of our society is crucial. If we back away from our Federal commitment to higher education, we shut off the lifeblood of this democracy.

We are too great a Nation and too imaginative a people to return to the dark ages of an elitist education system.

Thank you.

QUESTIONS

Senator INOUYE. Thank you very much, Dr. Manley.

You have indicated that 68 percent of the students in your 42 colleges are presently receiving Federal assistance.

If the President's recommended budget is adopted, would those in the 68 percent be forced to leave college?

Dr. MANLEY. I would say, sir, that a significant proportion of them perhaps would not even enroll. I am talking about the high school graduates. And certainly those who are already enrolled, many of them would have to leave.

Ninety percent of the students who attend historically black colleges are on financial aid of one sort or the other.

And may I make this comment—that I think that the mistake is too often made in speaking about these programs that "students are being given something." In most of the instances in these schools, and I am sure it's true in the other schools, too, students are working as well as receiving help.

In other words, you have the work ethic included in this whole process.

Senator INOUYE. What would happen to the 42 colleges? Would all of them keep their doors open?

Dr. MANLEY. My sense is that they would not.

There are only 2 colleges right now, in this group of 42, with endowments of more than, say, $24 million.

Senator INOUYE. And so there's a possibility that 40 predominantly black student colleges may have to close their doors?

Dr. MANLEY. Well, I would say roughly that certainly two-thirds of them may have to close.

They may get some support, the others.

Senator INOUYE. Well, I don't want to be a party to that.

Dr. MANLEY. Thank you.

Senator INOUYE. We will do our best.

PREPARED STATEMENTS

Gentlemen, I thank you very much. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF DR. ALBERT MANLEY

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, MY NAME IS DR. ALBERT MANLEY, PRESIDENT EMERITUS OF SPELMAN COLLEGE. I AM REPRESENTING THE UNITED NEGRO COLLEGE FUND, INC. THE UNITED NEGRO COLLEGE FUND REPRESENTS 42 HISTORICALLY BLACK COLLEGES AND UNIVERSITIES. I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE IMPLICATIONS OF THE FISCAL '83 BUDGET ON HIGHER EDUCATION AS PRESENTED BY THE ADMINISTRATION.

THE UNITED STATES TODAY HAS AN ENVIABLE REPUTATION FOR THE QUALITY OF ITS POSTSECONDARY EDUCATION AND RESEARCH. BUT THIS REPUTATION IS BOTH MORE RECENT AND MORE FRAGILE THAN MANY REALIZE. A SUBSTANTIAL FEDERAL INVESTMENT HAS BEEN CRITICAL IN THE PROCESS, AND IT IS IMPERATIVE THAT IT BE CONTINUED--NOT FOR THE PURPOSE OF EDUCATING LARGE NUMBERS OF STUDENTS IN THOSE FIELDS WHERE JOB PROSPECTS ARE BLEAK, BUT TO ASSURE THAT THE COUNTRY WILL CONTINUE TO EDUCATE ITS MOST HOPEFUL INDIVIDUALS.

IT IS ALSO IMPORTANT TO THE NATION THAT WE MAKE FULL USE OF THE TALENT OF ALL OF OUR CITIZENS. THIS IS AN ESSENTIAL OBJECTIVE AT THE POSTSECONDARY LEVEL BECAUSE IT IS ADVANCED TRAINING THAT QUALIFY INDIVIDUALS FOR ACADEMIC POSITIONS AND MANY OTHER LEADERSHIP ROLES.

I SPEAK WITH DEEP CONCERN--KNOWING THAT ALONG WITH THE ALREADY IMPLEMENTED CUTS IN FEDERAL STUDENT AID PROGRAMS WHICH ARE CAUSING SEVERE DISLOCATION FOR STUDENTS AND UNIVERSITIES ALIKE, THE REDUCTION IN THE PROGRAMS PROPOSED BY THE ADMINISTRATION FOR FY'83 WOULD HAVE A DEVASTATING IMPACT ON HUNDREDS OF THOUSANDS OF YOUNG PEOPLE, PREVENTING THEM FROM CONTINUING WITH THEIR EDUCATION OR FORCING THEM TO ALTER THEIR PLANS IN SUBSTANTIAL WAYS. LET ME IDENTIFY SOME OF THE SIGNIFICANT CONSEQUENCES OF THESE PROPOSED CUTS IN STUDENT FINANCIAL AID FOR UNCF INSTITUTIONS AND THEIR STUDENTS.

FIRST, THE NUMBER OF UNCF STUDENTS ON PELL GRANTS WOULD BE REDUCED FROM 32,169 THIS YEAR TO 28,310 IN 1982-84. THE PROPOSED ELIMINATION OF THE SUPPLEMENTAL EDUCATIONAL GRANT PROGRAM WOULD WITHDRAW ALL FUNDING THAT IN THE CURRENT ACADEMIC YEAR HELP SUPPORT 16,687 STUDENTS. THE ELIMINATION OF THE STATE STUDENT INCENTIVE GRANT PROGRAM WOULD TERMINATE AID THAT IS NOW AVAILABLE TO ANOTHER 13,545 STUDENTS. IN SUM, NEARLY 34,091 STUDENTS RECEIVING AID THIS YEAR WOULD NOT BE ELIGIBLE TWO YEARS HENCE. THAT EQUALS APPROXIMATELY 68 PERCENT OF OUR STUDENT BODY.

THIS UNNECESSARY PAIN TO THE STUDENTS WILL SPREAD TO OUR INSTITUTIONS AS WELL. WITH THE CUT-BACKS IN THE FY'82 BUDGET, MANY MORE STUDENTS ARE NOW DELINQUENT IN MEETING THEIR INSTALLMENT PAYMENTS TOWARD THEIR EDUCATIONAL EXPENSES--ROOM, BOARD, TUITION, AND FEES. 'THE PROPOSED ADDITIONAL CUTS IN THE FY'83 BUDGET WILL FURTHER INCREASE THIS PROBLEM AND ULTIMATELY FORCE MANY QUALIFIED STUDENTS TO WITHDRAW OR BE DROPPED FROM SCHOOL BECAUSE OF NON-PAYMENT OF THEIR ACCOUNTS. STUDENT FEES AND FUNDRAISING FOR UNRESTRICTED GIFTS ARE THE MAJOR SOURCE OF WORKING CAPITAL FOR CURRENT OPERATIONS.

SECONDLY, IT MUST BE EMPHASIZED THAT STUDENT FEES ACCOUNT FOR APPROXIMATELY FIFTY PERCENT OF OUR INSTITUTIONS' BUDGETS. THE REMAINING FIFTY PERCENT MUST BE DERIVED FROM SPECIAL FUND-RAISING EFFORTS. UNDER THE PROPOSED FY'83 BUDGET, UNCF SCHOOLS STAND TO LOSE MORE THAN 50 MILLION DOLLARS AS A RESULT OF THE CUT-BACKS OR ELIMINATION OF STUDENT AID PROGRAMS. IT WOULD BE DIFFICULT TO ATTEMPT TO INCREASE FUNDRAISING EFFORTS WITH THE CURRENT ECONOMIC SITUATION. THERE WILL NOT BE ENOUGH GRANTS OR GIFTS IN SUFFICIENT AMOUNTS FOR STUDENT AID FROM THE PRIVATE SECTOR.

THIRD, BECAUSE OF CUTS IN THE FY'82 BUDGET, MANY UNCF INSTITUTIONS HAVE HAD TO RETRENCH ON NEW FACULTY HIRES, AND

HAVE HAD DIFFICULTIES IN RETAINING OUTSTANDING FACULTY. DURING THE PAST YEAR, A MORATORIUM HAS BEEN PLACED ON FACULTY AND STAFF SALARIES AND ONLY LIMITED MERIT INCREASES HAVE BEEN GIVEN, PRIMARILY TO THOSE WHO HAVE ACCEPTED INCREASED WORK LOAD RESPONSIBILITIES. IN MANY INSTANCES, INSTITUTIONS HAVE NOT FILLED VACANT POSITIONS CAUSED BY RESIGNATIONS EXCEPT FOR THE MOST CRITICAL POSITIONS.

FINALLY, ALL OF OUR SCHOOLS ARE COMMITTED TO PROVIDE QUALITY ACADEMIC PROGRAMS AND WILL CONTINUE TO MAINTAIN HIGH ACADEMIC STANDARDS. HOWEVER, A DISPROPORTIONATE REDUCTION IN THE NUMBER OF HIGHLY QUALIFIED FACULTY MEMBERS WOULD NOT ONLY FORCE A GREATER STUDENT/TEACHER RATIO, BUT ESPECIALLY ERODE THE QUALITY OF OUR FACILITIES. THIS WOULD AFFECT ADVERSELY ON EFFORTS TO PROVIDE ADEQUATE INDIVIDUALIZED INSTRUCTIONS NEEDED BY THE LARGE NUMBER OF OUR STUDENTS WHO ARE FROM EDUCATIONALLY AND ECONOMICALLY DISADVANTAGED BACKGROUNDS. IT IS QUITE EVIDENT THAT THE EFFECTS OF THE PROPOSED FY'83 BUDGET CUTS WILL OVERTURN YEARS OF DIRECT SUPPORT TO INSTITUTIONS AND STUDENTS TO INSURE EQUAL OPPORTUNITY IN HIGHER EDUCATION. WHILE VIRTUALLY EVERY FEDERAL PROGRAM AFFECTING HIGHER EDUCATION ALREADY HAS BEEN CUT, I WILL CONCENTRATE ONLY ON A FEW PROGRAMS CRITICAL TO ALL BLACK COLLEGES.

PELL GRANTS

THE ADMINISTRATION PLANS TO REDUCE PELL GRANTS, A PROGRAM WHICH DETERMINES THE ALLOCATION OF FUNDS OF OTHER STUDENT FINANCIAL AID, TO A LEVEL OF $1.4 BILLION. ACCORDING TO THE AMERICAN COUNCIL ON EDUCATION, THIS WOULD ELIMINATE OVER ONE MILLION STUDENTS, ASSUMING A MAXIMUM AWARD OF $1,800. THE ADMINISTRATION IS ALSO PROPOSING TO CUT THE MAXIMUM AWARD TO $1,600--A 12 PERCENT CUT FOR THE NEEDIEST STUDENTS.

CURRENTLY, 72 PERCENT OF UNCF STUDENTS RECEIVE PELL GRANTS. A REDUCTION IN PELL GRANT AWARDS FOR STUDENTS OF NEED WOULD

MAKE IMPOSSIBLE THE CONTINUED ENROLLMENT OF MANY OF OUR CURRENT STUDENTS ALTOGETHER. IT IS IMPORTANT TO KNOW THAT FOR THE BEOG FUNDING YEAR, AN 80 TO 90 PERCENT OF THE STUDENT POPULATION OF EACH OF OUR INSTITUTIONS HAVE BEEN IN THE CATEGORY OF THE NEEDY AS MEASURED BY THE CRITERIA OF PELL AND OTHER FINANCIAL AID PROGRAMS. IF PELL GRANTS TO OUR STUDENTS ARE REDUCED, THE EFFECTS ON OUR STUDENTS AND INSTITUTIONS WILL BE SERIOUS. THE UNITED NEGRO COLLEGE FUND THEREFORE, REQUESTS A FUNDING LEVEL OF $3.066 BILLION WITH A MAXIMUM AWARD OF $1,800.

SUPPLEMENTAL EDUCATION OPPORTUNITY GRANT (SEOG)

THE UNITED NEGRO COLLEGE FUND RECOMMENDS RETENTION OF THIS PROGRAM AND AT A FUNDING LEVEL OF $385 MILLION. PRESENTLY ABOUT 615,000 STUDENTS RECEIVE THESE AWARDS AND 37.4 PERCENT OF THE UNCF STUDENTS RECEIVE THIS AWARD. THE PROPOSED ELIMINATION OF THIS GRANT WOULD DISCOURAGE STUDENT ENROLLMENT AND SERIOUSLY WILL UNDERMINE THE NATIONAL POLICY OF ACCESS AND CHOICE.

COLLEGE WORK-STUDY (CW-S)

CURRENTLY 46.1 PERCENT OF UNCF STUDENTS ARE PROVIDED WITH THIS SELF-HELP PROGRAM WHICH PROVIDES ASSISTANCE TO LOW-INCOME STUDENTS. A REDUCTION OF 28 PERCENT TO $397.5 MILLION WOULD REMOVE AN ESTIMATED 250,000 STUDENTS FROM JOB OPPORTUNITIES. THIS IS NEITHER BENEFICIAL TO THE STUDENT, INSTITUTION, OR GOVERNMENT. THE UNCF RECOMMENDS A FUNDING LEVEL OF $550 MILLION TO CONTINUE EDUCATIONAL AND EMPLOYMENT OPPORTUNITIES FOR STUDENTS.

STATE STUDENT INCENTIVE GRANT (SSIG)

THE UNITED NEGRO COLLEGE FUND REQUESTS A FUNDING LEVEL OF $77 MILLION FOR THE SSIG PROGRAM. CURRENTLY, THIS PROGRAM PROVIDES 300,000 STATE GRANTS MATCHED BY SSIG FUNDS. THE ELIMINATION OF THIS PROGRAM WOULD PLACE IN JEOPARDY THE CONTINUED EXISTENCE OF STATE STUDENT AID FUNDING IN AT LEAST 15 STATES WHICH RELY ON FEDERAL MATCHING FUNDS FOR HALF OF THEIR SCHOLARship programs. Cuts in this program will put additional pressure on 30.3 percent of UNCF students to meet the needs of continuing rising educational costs.

National Direct Student Loan (NDSL)

The Administration's proposal to end federal capital contributions to the NDSL program would eliminate low-cost loans to 266,000 needy students. Institutions could still make new loans with their NDSL revolving funds, but these are far from adequate on most campuses. Currently, 17.5 percent of UNCF students receive loans from the NDSL program because most of our students are extremely poor and cannot secure guaranteed student loans from commercial banks. Therefore, the United Negro College Fund requests a funding level of $286 million for the National Direct Student Loan program.

In summary, I would like to note that these proposed budget cuts will put great stress on the opportunity colleges in this nation have to provide the much needed manpower to speed economic growth. In the long run, these cuts will close the door on millions of individuals, young and old, who desire an opportunity for higher education. It will become impossible to reeducate and retrain the underemployed and unemployed with diminishing federal responsibility. Further, it will become impossible for us to prepare individuals to take advantage of the expanding technological fields.

The budget reductions will also make it impossible for the needy but exceptionally talented individuals to pursue graduate level education.

As with any leading society, the education of the citizenry to meet the needs of that society is crucial. If we back away from our federal commitment to higher education, we shut off the life blood of this democracy. We are too great

A NATION AND TOO IMAGINATIVE A PEOPLE TO RETURN TO THE DARK AGES OF AN ELITIST EDUCATION SYSTEM.

UNITED NEGRO COLLEGE FUND

FY'83 Budget Recommendation

Pell Grants ($1,800 maximum)	$3.066 billion
College Work-Study	550 million
Supplemental Education Opportunity Grant	385 million
National Direct Student Loan	286 million
State Student Incentive Gaint	77 million

STATEMENT OF ROBERT L. CLODIUS

Mr. Chairman and members of the Subcommittee, my name is Robert L. Clodius and I am President of the National Association of State Universities and Land-Grant Colleges presenting the testimony today in behalf of NASULGC and the Association of American Universities. The institutions comprising our two associations include 139 public state university systems and individual campuses in NASULGC, and 50 research intensive institutions in AAU, the public half of which are members of NASULGC as well. We are tied together by the history of American education, by our common endeavors in research and research training and, particularly, of late, deep concern over the impacts of changes in federal programs on the capacity of graduate students and undergraduates to attend institutions of higher education, both private and public. I would note that many of the examples given below are taken from statistical information affecting public institutions. That is in part because their dependence on state budgets has generated attention and analysis of the impact of proposals within the separate states. Also, it need not be stressed that while cutbacks and support in student aid at public institutions is untenable, the impact on students attending costlier institutions is certainly no less, and frequently far worse.

Mr. Chairman, you have received many studies and analyses and evaluations of student aid programs and what could be done to them if the proposals of the Administration were accepted by the Congress. We thought that we would not add much to your hearing record and the information you will be using to determine your decisions on appropriations this year by providing you still one more and possibly redundant document. Instead, we have produced a statement that addresses a current mythology and misleading statements that have been made popular by repetition. During the past three months, spokesmen for the Administration have sought to make something substantative out of their recommendations. We believe it important that some facts regarding the impacts of changes in student aid programs be set on the record.

MYTH #1: State governments will make up the cuts in federal aid.

- Highly unlikely. -- According to the Education Commission of the States, and based on a survey conducted of all state legislatures:

> "In all but the energy-rich states, money is in short supply and demands for social services are up as the economy gradually puts more people on the unemployment rolls and increases those needing special state funds. In the last few years, state budgets have usually been a mixture of chop, cutback and hold-the-line ... Few states mentioned picking up federal budget cutbacks as an issue; most are saying that the fiscal crisis with state money is much more severe and it is not likely that all federal programs will be continued with state funds."

° FACT - Nationwide, revenue per student at public institutions (after adjusting for inflation) dropped 1.9% in FY'80, compared to FY'79. Spending per student for instruction declined by 5 percent. This is before the impact of the cuts enacted in federal education spending last year.

° FACT - Tuition costs have been increasing at a rapid rate as state budgets are squeezed. NASULGC institutions tuition and fees rose 17.7% in 1981-82 from the previous year. Almost half of our institutions have tuition and fees over $1000, with several over $2000. Total education costs are over $4000 per year at many of our institutions.

° FACT - NIE reports that 31 states already have cut higher education funding. These cuts range as high as 24% in Washington and include Michigan, 16%, South Dakota, 16%, Idaho, 15%, Oregon, 15%, Iowa, 14%, Ohio, 14%, Wisconsin, 13%, Indiana, 13%, Masschusetts, 11%, Utah, 10%, and Pennsylvania, 10%.

° FACT - If the Reagan proposals to cut student aid by 50% are approved, to make up the loss, states would have to increase their state support of student aid by as much as $206 million in New York. In New Mexico, $12.4 million would be required.

MYTH #2: Low-income students will not be hurt

° FACT - The Pell grant maximum award which goes to the neediest students would be cut almost 12% - from $1800 to $1600, bringing it down to the FY'78 level.

° FACT - A student from a family of four earning $12,000, living on campus at a four-year institution would have the award cut from $1675 to $1250 - more than a 25% reduction, while the same student from a $15,000 family would have the Pell award cut from $1400 to $810.

° FACT - The elimination of the SEOG program will seriously hurt low-income students. According to the Department of Education's Student Aid Handbook, July, 1981, only 2.6% of SEOG recipients in academic year 1978-79 (the most recent year for which data is available) were from families with incomes above $25,000, while only 12.2% were above $18,000. Several hundred thousand low-income students will be deprived of their awards.

° FACT - Students with the greatest need for GSL - those eligible for the full $2500 will be hurt the most by the proposed 10% origination fee - losing $250.

The Administration's argument that a low-income student can receive $9200 in aid is deceptive and misleading. It would require a student to be poor enough to receive a maximum Pell award of $1600 (less than $10,000 income for a family of four) but wealthy enough to pay back loans of $7000 a year. Three thousand dollars of this would be a parent loan, which requires the parent to pay at 14% interest starting 60 days after disbursement. This student and his family would have $28,000 in debt plus interest upon graduation. This hypothetical student would have to have a parent on welfare and the other parent as a bank president to qualify for this situation. This argument is outrageous.

The Administration says students losing Pell grants can get GSL instead, but according to the Department's Annual Evaluation Report, FY'80, 48% of students receiving GSL's were already receiving Pell grants.

MYTH #3: Graduate students will continue to be eligible for loans.

The Administration proposes to transfer graduate and professional students from GSL to the Auxiliary Loans to Assist Students program (ALAS). The Administration's budget justifications project ALAS loan volume at $2.5 billion in FY'82 and $4.4 billion in FY'83.

° FACT - CBO estimates that loans in ALAS in FY'83 will be less than $400 million. The National Council of Higher Education Loan Programs (NCHELP), based on a survey of state agencies, projects loan volume from October 1, 1981 through December 31, 1982 to be $490 million.

° FACT - There is no realistic hope that ALAS will pick up more than a small portion of the estimated $2.3 billion borrowed by about 700,000 graduate students in FY'81. Even though many states will guarantee loans, few banks have shown any interest in making ALAS loans to students. According to Bob Zagozdon, who manages student loans for the First National Bank of Chicago, "It (ALAS) may be an alternative in theory, but in practice it probably won't be viable ... for every bank that will do it, I think you could find five that wont." (Philadelphia Enquirer, 4/17/82, p.5)

° FACT - Even if graduate students were able to find an ALAS loan, the program terms - 14% interest payable while in school - make the program impractical and creates an impossible burden on most students. A graduate student who borrows the maximum amount for four years of study would pay $4500 in interest during the fourth year - $375 per month while in school. Even payments of $50-100 per month while in school are not possible.

If the student is less than full time, which the majority of graduate students in arts & science programs are, then principal plus interest must be paid while in school!

MYTH #4: Historically black colleges will not be hurt.

° FACT - Historically black colleges have very large percentages of their student body on some form of federal aid, since the students' families are predominately lowincome.

° FACT - As mentioned earlier, Pell awards for the neediest students are proposed for a 12% cut, and the SEOG program serving mainly low-income students will be eliminated.

° FACT - Looking at a typical black college, Alabama A & M University, for the current academic year, 2759 undergraduates received some form of financial aid - 94.79% of all non-foreign undergraduates. The university already has 210 fewer students receiving campus-based aid than last year, mainly because of the $100 million reduction in NDSL in FY'81. Currently, the university estimates that on an average their students have an unmet need of $859. To cover this need would require an additional $1.8 million in student aid. However, based on the proposed Pell budget of $1.4 billion, 23% of current Pell recipients would lose their aid.

° FACT - Data from the Department of Education itself points out that minority students (Black, Asian, Hispanic, and American Indian) comprised 56.7% of Pell recipients in 1978-79 (the most recent year for which data was available) while only comprising 22.5% of undergraduate enrollment.

There is no question that minority students and black colleges will be devastated by the effects of the combined cuts in Pell, SEOG, NDSL, and other programs. Plus, the severe reduction proposed for TRIO support services will make it more difficult for minorities to enroll and graduate.

MYTH #5: The cuts in student aid are just going back to pre-MISAA levels.

° FACT - The proposed $1.4 billion Pell budget would be the lowest funding level not just since MISAA in FY'79, but would be the lowest since the Pell program was fully operational in 1976.

° FACT - The projected number of recipients, 1.8 million, would be the fewest since the program was fully operational in 1976.

° FACT - Combined campus-based funding in FY'78, the last year before MISAA equalled $1.03 billion. The Administration's FY'83 request is $398 billion, approximately a 60% reduction.

MYTH #6: State universities will not be too badly hurt by the cuts.

° FACT - In 1979-80 academic year, four-year state universities and colleges received 39% of Pell grants ($992.3 million) - 1 million students.

° FACT - In the 1981-82 academic year these institutions received:

- 36.8% of SEOG funds ($134.9 million) - 225,000 recipients.
- 41.7% of CWS funds ($272.6 million) - 234,000 students.
- 43.4% of NDSL funds - $295.1 million (including campus revolving funds) to 381,000 students.

Several of our institutions, when GSL is included, receive over $50 million per year in federal student aid.

The Reagan budget, if enacted, would mean enormous losses for students at four-year public institutions. A projected cut of $437.7 million in Pell grants would affect 447,089 recipients; proposed cuts in the Supplemental Educational Opportunity Grants of $134.9 million would affect 225,585 students at these institutions, a cut of $74.3 million in the College Work Study porgram poses new threats to 76,598 students and a cutback of $69.5 million in National Direct Student Loans would affect 89,909 students.

In all, the Administration proposals would result in a $716.4 million loss in student aid at four-year public institutions affecting 839,181 students attending these institutions.

In closing, let me leave with you some statements about the effectiveness of student aid from ED's most recent Annual Evaluation Report, Fiscal Year 1980:

> "[Student aid] programs appear to have made even the most expensive postsecondary education options potentially affordable even for the poorest students. But attendance at high cost institutions seems to come only at the price of very high personal sacrifice for certain categories of students, particularly the independent student ... Analysis of recent data collected by an ED study on student persistence indicates that financial aid is related to student persistence in a positive manner ... In conclusion, it appears from the data available that ED's student financial aid programs have been reasonably successful in providing financial access to some level of postsecondary education for all prospective students with financial need."

Thank you again for the opportunity to present this statement.

STATEMENT OF FATHER T. BYRON COLLINS, S.J.

I am Father T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. I am accompanied by Ms. Mary S. Albert of the Office of the Chancellor of the Georgetown University Medical Center. We appreciate the opportunity to appear before you today on the FY 1983 Appropriations.

There are many issues in the health and education budget directly affecting the University and the Medical Center. However, today we wish to testify before you on two topics of overriding interest to us: First, programs for students in the form of scholarships or student assistance loans, and Second, Federal support of nursing education.

Within the President's proposed budget for the Department of Health and Human Services there are several scholarship and loan programs whose proposed level of funding concerns us greatly:

National Health Service Corps. We have reluctantly witnessed the discontinuation of new awards for students for this academic year and successive academic years--

an economy with which we do not agree. Moreover, we are greatly concerned about the proposed funding of the NHSC scholarship stipend for FY 1983 (for academic year 1983-4), which would reduce the present stipend by half. At Georgetown University Medical Center, we have 23 students who would be unable to live on the diminished stipend their senior year. To this group we add the 61 students on military Armed Forces Health Professions Scholarships whose stipend is tied by law to the level of the NHSC stipend. We regard this abrupt change in stipend funding to students already in the programs as a breach of contract and urge the subcommittee to restore full funding of the stipend.

The Health Professions Student Loan (HPSL) and Nursing Student Loan (NSL) Programs. These are campus-based programs which award loans to medical, dental and nursing students from funds 8/9 of which derive from a Capital Contribution, and 1/9 from the school. Medical students must show exceptional financial need to qualify for their loan. On completion of their training, borrowers pay back the loan at 9% interest (for medical and dental students) and 6% (for nursing students). Loan repayments are recycled into new loans.

As with the case of the NHSC, we do not agree with the Administration desire to stop Federal support for the programs for FY 1983. We were gratified when the Congress agreed with this position in FY 1982 and left $5.7 million in the HPSL fund and $6.6 million in the NSL fund. We would urge the subcommittee to continue the program at the FY 1982 level.

We have an additional concern about this program. In the past few months there has been considerable publicity attending a study of default in these programs, with some prestigious schools cited with heavy default rates. We at Georgetown have worked diligently to keep defaults to a minimum and have been cited as a good example to our sister-institutions.

However, we have been advised by the Department of HHS that they will be publishing proposed regulations setting delinquency standards that we regard as unrealistic and unworkable: They will define "unacceptable default" for a participating institution when the default rate is more than 5% (for the HPSL Program) and 10% (for the NSL Program) with borrowers considered delinquent after 30 days. Schools will have until July 1, 1983 to comply with these standards. We just about meet these default percentages on 120 day basis. Within our Medical Center, neither the physician nor hospital billing services could work within a 30 day delinquency standard!

We totally agree with the necessity and wisdom of reducing default in these two loan programs. We would welcome some "teeth" being put into the programs such as denying any Federal reimbursement (e.g. Medicaid and Medicare reimbursement) to delinquent borrowers. However, it is important that realistic standards be developed in consultation with the participating schools (and with Department of Education personnel more familiar with debt management problems) so that this valuable source of student aid will continue to be recyled to our students.

The Health Education Assistance Loan Progam. (HEAL). This loan program is a last resort but necessary program for our medical and dental students. It provides very expensive money (interest accumulating from the date of the loan at 91-day T bill + 3.5%) from private banks. As other loan sources have declined, the demand for Federally guaranteed loans has soared. At Georgetown, our students in four years have gone from a demand for $300,000 in HEAL loans to $1 million, to $4 million, and we expect they may need to borrow as much as $7 million in the coming academic year.

The Administration sought to limit Federal guarantee of this program to $80 million in FY 1982, instead of the $200 million authorized. This was not successful, but again the Administration wishes to limit FY 1983 guarantees to $80 million, instead of the $225 million authorized for FY 1983.

It is clear that accelerating demand for the HEAL loans will exceed $80 million in FY 1983. Since there is no budget cost to this loan, we urge the subcommittee to delete the proposed Administration limit of $80 million so that loans can be guaranteed up to the authorized level.

Nursing Programs in the HHS Budget. We also welcome this opportunity to urge the subcommittee to maintain the FY 1982 levels of support for nursing traineeships and fellowships ($9.6 and $.9 million respectively) and Advanced Nurse Training ($11.5 million).

The President's justification asserts that "national priorities will be addressed through special nursing projects to improve the distribution of nurses by geographic area focusing on areas with low income population, increase nursing education opportunities for individuals from disadvantaged minority backgrounds, develop innovative nursing techniques to help meet needs of high risk target groups, especially the elder, and children and pregnant women, emphasizing primary care and prevention, and provide training to enhance clinical skills including concentrating on primary care and needs of target groups in high risk categories."

We believe that this cannot be accomplished at the levels for nursing support the administration proposes for FY 1983.

Considering the nationwide shortage of nurses, it is essential to continue support of nursing students whether in graduate, undergraduate or specific training programs. Traineeships and fellowships are most important.

The drastic reduction in funds the Reagan administration requests for Advanced Nurse Training for FY 1983 will undercut programs of national priority. The meager $1.1 million it proposes will provide for only seven projects, less than 1/10 of those now being supported. Selection of projects when all meet national priorities but when 90% cannot be funded will be difficult, indeed. At Georgetown we have a program of advanced training (master's level) in nurse-midwifery and in gerontologic nursing. Both fields are of high national priority. Although we have diligently sought and received assistance from private sources, we continue to need Federal support. We urge the restoration of the Advanced Nurse Training Funds to the FY 1982 level of $11.5 million.

Returning to student assistance programs, this time under the Department of Education, we appreciate the opportunity to make a few comments on the proposed changes to the Guaranteed Student Loan (GSL) Program.

Our primary concern is that professional and graduate students continue to be eligible for this loan program. On behalf of our Law Center, Graduate School and Medical and Dental Schools, we ask the committee to reject the Administration's request that these students be barred from the GSL program and forced to take out expensive Auxiliary (PLUS) loans. We see no logic for the exclusion of this student population other than they can be easily identified and therefore can be lopped off from the program, generating a specific savings. We urge the subcommittee to reject this narrow-minded argument and continue the eligibility of this group of students, who by their very investment in advanced education, will become the most productive citizens, most able to repay their loans.

We also urge that no income cap be imposed on GSL eligibility. Rather we urge "remaining financial need" be required for all loans (with a minimum amount permitted if any need is established). An income cap--particularly if it is not indexed according to the number of dependents in the family and the number of children attending college--imposes undue hardship on the larger family. We would be delighted to discuss with your staff ways in which economies might be made in the program without the drastic step of removing professional and graduate student eligibility for the program.

Mr. Chairman and members of the subcommittee, we thank you for this opportunity to appear before you.

STATEMENT OF MARK TALLMAN

Mr. Chairman, members of the Subcommittee, on behalf of the Associated Students for Higher Education, I would like to thank you for the opportunity to testify on the proposed higher education appropriations for fiscal year 1983.

We wish to speak today on the major federal student aid programs: the Pell Grants, Supplimental Grants and State Student Incentive Grants, the National Direct and Guaranteed Student Loans, the College Work Study Program and the TRIO Programs. We are seeking the full funding of these programs under the levels of the Fiscal 1983 Reconciliation Ceilings. We also ask for immediate passage of a $1.3 billion supplimental appropriation for the Guaranteed Student Loan Program for fiscal year 1982 to continue funding the program through the end of this fiscal year.

We strongly urge you to reject the Administration's call for an overall reduction in these programs by a third for fiscal 1983. In order to achieve this savings, the Administration proposes to sharply reduce federal aid available to lower-and-middle-income students, completely eliminate several programs with no corresponding increases in programs that will be maintained, and make changes in the GSL Program that would eliminate many students and sharply increase the total indebtedness of many others. This is the true picture of the financial aid proposals the President sought to defend several weeks ago by trying to pass off the whole thing as merely an administrative savings.

A.S.H.E. would like you to look at the financial aid proposals in two ways. First, look at the impact these programs have on individuals; on individual students with hopes and dreams of a better life, a satisfying career and a greater contribution to society, on their families, who are already making sacrifices to help sons and daughters attend college, often being the first in the family to do so; and on the families students themselves will have, with the greater security and superior financial and intellectual resources a college background can help provide. And yes, we must look at the individual shortcomings: the unfortunate abuses that sometimes occur in programs of this type and size. But second, and perhaps more importantly, look at the impact these programs have on society as a whole; at the growing need for university-trained citizens to do the job it will take to bring this nation's economy back to the sound condition we all seek; at the way education, more than anything else, can help people rise out of the condition of poverty and life in the underclass; at the vital role education plays in every facet of our national life: culturally, economically, and politically.

If we examine the Administration's proposals, we are struck first by their size and severity. If the GSL Program is excluded, the President's requests for Pell Grants and campus-based aid would result in a loss of 2.4 million awards, according to the American Council on Education. The second thing that strikes us is: Where will these students turn to replace these lost funds? Their parents? Leaving aside the fact that many of these students are independent, or parents themselves, we should remember that these programs are already need-based.

Especially in this economy, parents are already cutting every possible corner. How about the states? Members of the Subcommittee are certainly aware that most states cannot assume the costs of absorbing cuts in financial aid. Students in my home state, Kansas, for example, would lose over $17.5 million. Perhaps these students can find additional work. But can today's economy provide hundreds of thousands of new part-time and summer jobs? Again, turning to Kansas for an example, my state has one of the nation's lowest unemployment rates. But across the state, employers have given notice that there will be little hiring this summer, making the situation very difficult for students who already depend on these jobs to pay their way through school. Most likely, students cut under the Administration's plan would have to turn to borrowing. But the President calls for a Guaranteed Student Loan Program budget of only $2.485 billion for fiscal year 1983, actually down from the $2.535 billion level in the fiscal year 1981.

Instead of the Reagan Administration's proposals, A.S.H.E. makes the following recommendations for fiscal year 1983. We recommend funding the Pell Grant Program at $2.8 billion in FY'83. We also believe that the maximum award should be increased from the current $1,800 maximum. Funding for this program has not allowed maximum grants to increase with inflation, and they have lagged seriously behind. The Administration's proposal would lower the maximum to $1,600 which makes for a direct reduction in aid to those whose need is greatest. The $1,800 award is well below the recommended $2,100 maximum which Congress approved in the Higher Education Amendments of 1980.

We recommend funding the SEOG Program at $370 million. This program is an important compliment to the Pell Grant Program, and is vital to many higher priced public and private universities, which will be hit the hardest by reductions in student aid. We believe the awarding of need-based grants is the most appropriate way to preserve diversity and choice among our institutions of higher learning. Given the President's stated commitment to choice and diversity in education, we are surprised by and strongly opposed to his call to eliminate this program.

We recommend funding the SSIG Program at $76.75 million. We strongly oppose the Administration's call to eliminate this program. Again, we are struck by the incongruity of an Administration publically committed to re-defining the relationship between federal and state governments. This program has been successful in developing state scholarship programs in every state. Some of these have developed far beyond the original state match to federal contributions. Unfortunately, others have not. The programs would be threatened in at least 15 states which provide only dollar-for-dollar matching. This program is the least expensive of the major federal aid programs, and one of the most cost-effective, since every dollar spent by the federal government generates another dollar from the states.

We recommend funding for the College Work Study Program at $550 million. Despite the Administration's claim that this is perhaps the most effective aid program of all, it proposes a 27 percent reduction in its budget. We believe this program should be funded at the highest possible level. Given the high unemployment rate, especially among teenagers and unskilled workers, this program is vital if students want to work their way through school. Most of the students are quite willing to work if given the chance. Work-Study jobs not only do that: they can be tailored to become part of the total educational process, and also provide real benefits to the institution.

We recommend funding the NDSL Program at $286 million. This program is an important back-up to the GSL Program. It provides low-interest loans to the neediest students at a more favorable rate than the GSLs. It is especially important to low-income students because banks tend to limit the amount of funds they will loan to students and are more likely to make these loans to higher-income families who are a safer credit risk.

We recommend the GSL Program continue to be operated under current guidelines. In order to make savings in this program, the Administration has made a number of proposals which we oppose. It calls for doubling the "origination fee" from 5 to 10 percent. This would simply increase the students indebtedness with no benefit to the borrower. Borrowers would be required to pay market interest rates two years after leaving school instead of the current 9 percent. This, too, would have the effect of increasing the student's indebtedness. The American Council on Education estimates these steps would increase undergraduates's indebtedness by 19 percent.

For graduate students, the Administration's proposals would be even more severe. They would be excluded from the Program altogether, and would have to turn to the Auxiliary Loan to Assist Student (ALAS) Program. The disadvantages of this Program are many. The interest rate is a discouraging 14 percent. There is no in-school subsidy, and although full-time students could have payments of principle deferred, many graduate students are part-time and would have to repay both the principle and interest. These payments could well amount to hundreds of dollars a month. Many graduate students are part-time because they are working already and raising families and simply cannot afford these types of expenses. ACE estimates graduate students borrowing under the ALAS Program will increase their indebtedness by as much as 67 percent. It is important to remember over half of the nation's graduate students ----about 600,000---- currently depend on the GSL Program.

The steep conditons of the Administration's proposals will certainly lead many students to drop out of school altogether. Those who remain will face debt loads so high that the charges for default will increase. Ironically this comes at a time when the much-decried student default rate is being brought down to reasonable levels. For fiscal 1982, ACE says that defaults accounted for only 7 percent of the cost of the GSL Program; and the default rate was only 5 percent. The default rate for NDSLs is higher--about 12 to 16 percent--which may be attributed to the fact that NDSL borrowers are high-risks and that many institutions have been lax in collecting defaults. The Department of Education is adopting steps to penalize schools with high NDSL rates by cutting their funds, and we support these measures. The combined student default rate is about 10 percent, meaning 90 percent of the student borrowers pay back their obligations, an excellent record for a class of borrowers that is young, inexperienced and lacking in collateral as well as at the bottom of the wage scale.

Finally, we recommend the TRIO Program to be funded at $165 million. These programs play a vital role in encouraging disadvantaged students to attend college and deal with the problems they will face there. Getting a quality education is the best way to break the cycle of poverty many young people are born into. Finding a secure job at an adequate income level, contributing to society through talent and taxes--this is the best way to end dependency on government welfare programs. Yet the Administration wants to cut the funds for these programs by about 50 percent, including complete elimination of the Talent Search and Educational Opportunity Center Programs.

We have looked at the various federal financial aid programs, the Administration's proposals and our recommendations. In conclusion, we would ask the members of the Subcommittee to consider the second view I mentioned at the beginning: the impact of student aid on society as a whole.

Some say the federal government has no obligation to pay a student's way through college, and perhaps that is true. Some even say of the President's cuts were all accepted, those who really want to attend college would find some way to do it. That may also be true. But it is impossible to deny that the kinds of reductions, coupled with the ever-rising costs of attending school, will certainly discourage many students from doing so. The question is: should this be our national policy?

Last year, the President urged and Congress adopted a massive plan of tax cuts and incentives designed to encourage businesses and workers to be more productive; to work harder and invest more; to look at the long-term needs of the nation. This year, this same President has proposed a plan that would discourage the long-term training and education of our people.

Let us put aside our concern for the individual. Let us consider the future of a nation with fewer students: fewer doctors and medical technicians, fewer engineers and architects, fewer teachers and social workers, fewer artists and accountants, fewer scientists and researchers. Does this sound like a prescription for a stronger America? We think not, and we urge you to support student aid programs to their fullest extent. Thank you very much.

SUMMARY TABLE

A.S.H.E. RECOMMENDATIONS FOR STUDENT AID PROGRAMS

FY'82 Supplimental:

A.S.H.E. recommends immediate passage of a $1.3 billion supplimental for the Guaranteed Student Loan Program to cover costs to the end of the current fiscal year.

FY'83 Appropriations:

A.S.H.E. recommends funding the Pell Grant Program at $2.8 billion. We oppose cutting the maximum award from the current $1,800.

A.S.H.E. recommends funding the Supplimental Educational Opportunity Grant Program at $370 million, which is the maximum under the 1983 Reconciliation ceiling.

A.S.H.E. recommends funding the State Student Incentive Grant Program at $76.75 million, which is the maximum under the 1983 Reconciliation ceiling.

A.S.H.E. recommends funding the College Work Study Program at $550 million. This is the maximum award under the 1983 Reconciliation ceiling.

A.S.H.E. recommends funding the National Direct Student Loan Program at $286 million, which is the maximum under the 1983 Reconciliation ceiling.

A.S.H.E. recommends funding the TRIO Programs at $165 million, which is the maximum award under the 1983 Reconciliation ceiling.

A.S.H.E. opposes changes in the Guaranteed Student Loan Program that would increase borrower indebtedness and reduce student eligibility beyond current levels.

Statement of Robert J. Gallione

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM ROBERT J. GALLIONE, JR., CHAIRMAN OF THE LEGISLATIVE COMMITTEE OF THE NATIONAL ASSOCIATION OF STUDENT EMPLOYMENT ADMINISTRATORS ASSOCIATION AND, TWELVE YEARS AGO, A STUDENT WHO WORKED HIS WAY THROUGH GRADUATE SCHOOL. OUR ASSOCIATION IS COMPOSED OF PROFESSIONALS FROM PUBLIC AND PRIVATE POST-SECONDARY EDUCATIONAL INSTITUTIONS, STATE AND MUNICIPAL GOVERNMENT, AND NOT-FOR-PROFIT ORGANIZATIONS, WORKING IN ALL AREAS OF STUDENT EMPLOYMENT. I APPRECIATE THIS OPPORTUNITY TO PRESENT MY VIEWS BEFORE THE DISTINGUISHED LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION APPROPRIATIONS SUBCOMMITTEE OF THE SENATE.

MY PRINCIPAL TOPIC TODAY IS THE COLLEGE WORK-STUDY PROGRAM AUTHORIZED UNDER TITLE IV OF THE HIGHER EDUCATION ACT. AS YOU ARE ALL WELL AWARE, THE PURPOSE OF THE COLLEGE WORK-STUDY PROGRAM IS TO PROVIDE PART-TIME ACADEMIC YEAR AND FULL-TIME SUMMER EMPLOYMENT FOR STUDENTS WHO MUST SECURE EMPLOYMENT IN ORDER TO PURSUE A COURSE OF STUDY. FUNDS ARE MADE AVAILABLE FOR THIS PROGRAM THROUGH THE DEPARTMENT OF EDUCATION. THESE FUNDS PROVIDE UP TO 80% OF THE SALARY RECEIVED BY THE STUDENT AND THE REMAINING 20% OF THE SALARY IS PAID BY THE INSTITUTION OR AGENCY EMPLOYING THE STUDENT. IN ADDITION, SINCE 1978 COLLEGE WORK-STUDY FUNDS HAVE BEEN USED TO ESTABLISH JOB LOCATION AND DEVELOPMENT PROGRAMS IN RURAL AND URBAN COMMUNITIES.

I CANNOT OVERSTATE THE IMPORTANCE OF THIS FINANCIAL AID PROGRAM TO AMERICA'S STUDENTS, THEIR FAMILIES, AND TO ALL OF THE NATIONS EDUCATIONAL INSTITUTIONS AND NOT-FOR-PROFIT ORGANIZATIONS. THE BUDGET PROPOSALS FOR FUNDING THE COLLEGE WORK-STUDY PROGRAM HAVE CAUSED ALARM ON CAMPUSES AND IN HOUSEHOLDS THROUGHOUT THE COUNTRY. MY PURPOSE HERE TODAY IS TO URGE YOUR CONTINUED COMMITMENT TO THIS FEDERALLY SUPPORTED SELF-HELP PROGRAM THE CONGRESS HAS SUPPORTED AGAIN AND AGAIN, AND TO ASK YOU TO APPROPRIATE SUFFICIENT FUNDS TO INSURE THE AMERICAN DREAM WILL NOT END FOR MILLIONS OF STUDENTS WORKING THEIR WAY THROUGH COLLEGE.

THE ADMINISTRATION HAS ASKED FOR REDUCED FUNDING FOR THE COLLEGE WORK-STUDY PROGRAM FROM 528 MILLION IN FISCAL 82 TO 398 MILLION IN FISCAL 83 - A 25% REDUCTION AT A TIME OF INCREASING

NEED. LET ME GIVE YOU SOME FIGURES REGARDING THE IMPACT OF THE PROPOSED REDUCTIONS. NATIONWIDE THE NUMBER OF STUDENTS ASSISTED IN WORK PROGRAMS WOULD BE REDUCED FROM 880,000 IN FISCAL 82 TO 720,000 IN FISCAL 83, A LOSS OF 160,000 STUDENT JOBS. IN NEW YORK STATE ALONE THERE WOULD BE A LOSS OF 11 MILLION IN FUNDING AND A LOSS OF ABOUT 13,000 STUDENT JOBS. ALL OF THIS WOULD COME ON THE HEELS OF A ROUND OF REDUCTIONS OF STUDENT AID PROGRAMS THAT ALREADY THREATENS THE VITALITY OF ONE OF THE MOST IMPORTANT SECTORS OF AMERICAN LIFE - OUR COLLEGES AND UNIVERSITIES.

THE NUMBERS TELL A MOVING TALE, BUT THERE IS MUCH MORE TO BE SAID ABOUT THE HARM THAT WOULD FLOW FROM ENACTMENT OF THE ADMINISTRATION'S PROPOSALS. I SHALL NOW FOCUS ON TWO ADVERSE EFFECTS OF SPECIAL IMPORTANCE.

ACCESS TO EDUCATION

FEDERAL STUDENT AID POLICIES SOUGHT TO ESTABLISH UNEQUIVOCALLY THE PRINCIPLE THAT FINANCIAL BARRIERS SHOULD NOT DENY QUALIFIED STUDENTS A HIGHER EDUCATION. THESE POLICIES NEVER DID, AND DO NOT NOW, GIVE ANYONE A FREE RIDE. AVAILABLE DATA SUGGESTS THAT TWO-THIRDS OF AMERICA'S STUDENTS ARE WORKING TO PUT THEMSELVES THROUGH COLLEGE. A TYPICAL STUDENT WHO RECEIVES A FEDERAL GRANT WILL ALSO BE CONTRIBUTING HIS OWN EARNING AND SAVINGS, BENEFITING FROM WHATEVER HELP HIS FAMILY CAN PROVIDE, AND INCURRING DEBTS THAT HE WILL HAVE TO REPAY. IF THE ADMINISTRATION CONTINUES TO PULL OUT THE FEDERAL SHARE, HUNDREDS OF THOUSANDS OF STUDENTS WILL BE BARRED FROM THE INSTITUTIONS BEST SUITED FOR THEM. OTHERS WILL BE DENIED A HIGHER EDUCATION ALTOGETHER.

COMMUNITY EFFECTS

ALMOST ALL EDUCATIONAL INSTITUTIONS ASSIGN STUDENTS TO OFF-CAMPUS WORK-STUDY ORGANIZATIONS TO PROVIDE MEANINGFUL WORK EXPERIENCE WITH GOVERNMENT AND NOT-FOR-PROFIT AGENCIES. SINCE THE 1981 FISCAL YEAR MANY COLLEGES AND UNIVERSITIES HAVE REQUIRED OFF-CAMPUS AGENCIES TO CONTRIBUTE MORE THAN THE 20% MATCHING PORTION OF A STUDENT'S SALARY SO THAT FEDERAL FUNDS COULD BE STRETCHED TO THE MAXIMUM. THESE PUBLIC AGENCIES ARE OPERATING ON THE MARGIN AND CAN NOT AFFORD ANY FURTHER INCREASE IN WORK-STUDY SALARY COSTS. A 25 PERCENT REDUCTION OF THE COLLEGE WORK-STUDY PROGRAM WOULD CAUSE THE ELIMI-

NATION OF MANY WORTHWHILE LEARNING EXPERIENCES. AS MAYOR KOCH APPROPRIATELY INDICATED IN A LETTER TO ME "IN ESSENCE, THE IMPACT OF FEDERAL CUT-BACKS WILL BE FELT BY ALL, NAMELY, OUR LOCAL GOVERNMENT, THE ACADEMIC COMMUNITY, AND OUR CITY'S YOUTH."

THERE HAS BEEN SOME TALK ABOUT PRIVATE SECTOR JOBS REPLACING THE LOSS OF WORK-STUDY POSITIONS. MY COLLEAGUES AND I ARE NOT SEEING THAT HAPPEN. AS A MATTER OF FACT, MANY STUDENT EMPLOYMENT ADMINISTRATORS ARE REPORTING FEWER ACADEMIC YEAR AND SUMMER PRIVATE SECTOR JOB LISTINGS THIS YEAR AS COMPARED WITH LAST YEAR. IT WOULD BE VERY UNFORTUNATE TO HAVE A SOCIAL WORK STUDENT DOING CLERICAL WORK IN A FACTORY INSTEAD OF ASSISTING PATIENTS IN A WORK-STUDY ELIGIBLE MENTAL HEALTH CENTER IN BOSTON OR ATLANTA.

AT THIS POINT I WOULD LIKE TO SAY A FEW WORDS ABOUT THE FEDERALLY SUPPORTED JOB LOCATION AND DEVELOPMENT PROGRAM. THIS PROGRAM PROVIDES FOR WORK-STUDY FUNDS TO BE USED TO ESTABLISH OR EXPAND OTHER STUDENT EMPLOYMENT PROGRAMS FOR STUDENTS IN NEED OF WORK. THE UNIQUE ASPECT OF THIS PROGRAM IS THAT PRIVATE SECTOR EMPLOYERS IN THE COMMUNITY ARE BROUGHT IN TOUCH WITH STUDENTS WITH EXCEPTIONAL JOB SKILLS. AT JUST ONE METROPOLITAN SCHOOL IN NEW YORK CITY $400,000 IN STUDENT EARNINGS WERE GENERATED THROUGH THE ESTABLISHMENT OF A JOB LOCATION AND DEVELOPMENT PROGRAM LAST YEAR. WE ARE CERTAIN A 25 PERCENT REDUCTION IN FISCAL 83 COLLEGE WORK-STUDY FUNDS WILL CAUSE THE VISCERATION OF THIS PROGRAM JUST WHEN IT WAS BEGINNING TO REACH ITS FULL POTENTIAL.

IN SUMMARY, MR. CHAIRMAN, MY COLLEAGUES AND I CERTAINLY RECOGNIZE THE DIFFICULTY OF THE BUDGETARY DECISIONS YOU WILL HAVE TO CONSIDER. COLLEGES, LOCAL GOVERNMENTS AND NOT-FOR-PROFIT ORGANIZATIONS ARE HARDLY IMMUNE TO INFLATION AND NO ONE HAS A LARGER STAKE THAN US IN THE ECONOMIC WELL-BEING OF OUR COUNTRY. WHILE WE BELIEVE THAT IN GENERAL THE MORE GENEROUS FUNDING OF PRIOR YEARS WAS A SOUND AND PRUDENT INVESTMENT IN AMERICA'S FUTURE, WE WILL BE ABLE TO CARRY OUT OUR MISSION IF THE REAL DOLLAR VALUE OF THE COLLEGE WORK-STUDY PROGRAM IS NOT DIMINISHED FURTHER.

I WOULD LIKE TO INCLUDE AS PART OF MY TESTIMONY A FEW LETTERS SENT TO THE NASEA LEGISLATIVE COMMITTEE FROM CITY AND STATE GOVERNMENT OFFICIALS, DIRECTORS OF NOT-FOR-PROFIT ORGANIZATIONS, AND STUDENT EMPLOYMENT ADMINISTRATORS AT EDUCATIONAL INSTITUTIONS THROUGHOUT THE COUNTRY.

I WOULD BE HAPPY TO RESPOND TO ANY QUESTIONS THE COMMITTEE MAY HAVE.

THE LEGISLATIVE COMMITTEE OF THE NATIONAL ASSOCIATION OF STUDENT EMPLOYMENT ADMINISTRATORS RESPECTFULLY CALLS UPON THE CONGRESS TO REJECT THE ADMINISTRATION'S COLLEGE WORK-STUDY BUDGET PROPOSAL FOR FISCAL 83. A FURTHER REDUCTION IN FUNDING OF THIS STUDENT AID PROGRAM WILL DIMINISH ACCESS TO HIGHER EDUCATION FOR OUR NATION'S STUDENTS AND DISTORT THEIR CHOICE OF INSTITUTIONS AND FIELD OF STUDY.

OUR ASSOCIATION ALSO FEELS THE PROPOSED FISCAL 83 BUDGET WILL ADVERSELY IMPACT STUDENT EMPLOYMENT PROGRAMS IN CITY AND STATE GOVERNMENTAL AGENCIES, NOT-FOR-PROFIT ORGANIZATIONS, AS WELL AS WITH PRIVATE SECTOR EMPLOYERS. WE URGE THE LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES APPROPRIATIONS SUBCOMMITTEE TO FUND THE FISCAL 83 COLLEGE WORK-STUDY AT THE FISCAL 81 AUTHORIZED LEVEL OF 550 MILLION.

STATEMENT OF PATRICK ROMANO

The American Medical Student Association (AMSA) is a national organization of over 22,000 allopathic and osteopathic medical students at 139 schools throughout the United States. We are a completely independent organization committed to improving medical education, health care, and health care delivery. We appreciate this opportunity to testify on FY83 appropriations for several financial aid programs which are of vital concern to our membership.

For many years, this committee has generously supported the educational loan programs authorized by the Labor and Human Resources Committee. These programs have served a vital purpose by enabling thousands of young people who could not otherwise afford professional training to become physicians, dentists, and pharmacists. If these programs are weakened or dismantled, we can expect the following consequences:

1. The representation of minority and low-income students in health professions schools will decrease. Lack of financial resources is one of the major factors which now deters disadvantaged students from pursuing careers in the health professions. The availability of low-interest loans is imperative if these students are to postpone their entry into the labor market and invest in an arduous, expensive educational process. A substantial increase in enrollment of minority medical students occurred between 1968-69 and 1973-74, but there has been virtually no improvement since then. Table 1 shows that the number of black first year medical students has levelled off at about 1,100; this now represents 6.5% of the total first year population, versus 7.5% five years ago. Three schools, Howard, Meharry, and Morehouse, admitted 24.4% of all new black students in 1980-81. The representation of other ethnic minorities in medical school has also stabilized in the past five years. These changes reflect a comparable stabilization in the number of minority applicants to medical school, which may be attributed to the reduced availability of financial aid. The number of applications from black medical students increased from 1,250 in 1970-71 to 2,423 in 1974-75, but only to 2,592 in 1979-80.

   This trend is worrisome not only because it endangers the principle of equal opportunity, but also because minority and low-income students are the most likely to practice primary care in in underserved areas after graduation. According to a major study done by the Association of American Medical Colleges, 78.8% of black medical students expressed interest in a shortage-area practice versus only 45.6% of white students. Preference for primary care and shortage-area practice varies inversely with parental income: only 37.4% of those from families earning more than $50,000 per year wanted to practice in an underserved area versus 65.1% of those from the poorest families.

2. Graduating medical students will increasingly enter high-paying specialties instead of those with the greatest shortage of practitioners. The report of the Graduate Medical Education National Advisory Committee (Table 2) predicted serious shortages of psychiatrists and preventive medicine specialists and appropriate numbers of family practitioners, internists, and pediatricians in the year 1990, given current trends. By contrast, GMENAC predicted surpluses of 20% to 95% in the supply of surgeons, radiologists, gynecologists, and medical subspecialists. Yet the AMA's 1978 Profile of Medical Practice (Table 3) shows that the average internist under age 35 earns $34,625; while the average surgeon in the same age category earns $44,667 and the average radiologist $42,500. A survey published in Medical Economics (September 28, 1981) reveals that this gap is widening, as the average income of general surgeons increased 24.1% and that of gynecologists increased 16.8% from 1979 to 1980, while the average income of internists actually dropped 1.2% and that of familiy practitioners increased just 7.0%.

   Given these realities, it is not surprising that many medical students gravitate toward lucrative subspecialties. This trend will only increase if financial aid programs are cut back further. Table 4 shows that students who exhaust their borrowing capacity under the Guaranteed Student Loan program and rely heavily on market-rate Health Education Assistance Loans thereby assume an incredible financial burden. For example, a student who borrows just $10,000/year (40% of the total cost of attending Georgetown) must repay $252,650 after completing a three-year residency program, or over $1400/month for 15 years! This estimate is based on a 15% interest rate; students borrowing at the current 16% rate will owe even more. We agree that students in health professions schools should bear a greater portion of their educational costs because of the high salaries they will eventually earn. Yet the Graduate and Professional School Financial Aid Service has estimated that young physicians cannot comfortably devote more than 12% of their after-tax-income to paying off educations loans. Are we then asking the physician who borrowed $10,000/year through HEAL as a student to earn over $130,000 per year (not including any other loans he or she may have to repay)? This type of debt creates a strong incentive to enter high-paying specialties and to practice in wealthy communities.

3. Physicians will increasingly locate in prosperous communities which offer the potential for high earnings, rather than those with the greatest shortage of practitioners. Three studies have shown a direct relationship between the average fee charged by physicians for a given service or set of services and the physician-population ratio in a geographic area. According to these studies, a 10% increase in average fees would stimulate a 4.2 - 10.9% increase in the population of physicians in an area (indicating high elasticity of supply). Higher physician income is clearly associated with a greater flow of recent graduates into a state and a long-range

increase in the number of practitioners there. These tendencies will inevitably be exacerbated by the extraordinary debt service obligations which medical students would have to incur if GSL is no longer available.

Yet the geographic maldistribution of physicians remains a serious problem in the United States. The ratio of non-Federal physicians active in patient care per 100,000 pupulation was 165.3 for the nation as a whole in 1979, although this ratio ranged from 97.5 in South Dakota to 446.3 here in the District of Columbia. While there were 209 non-Federal physicians providing patient care per 100,000 residents of metropolitan counties with more than 5,000,000 inhabitants, the comparable figure for non-metropolitan counties with less than 10,000 inhabitants was only 43. Furthermore, this ratio improved significantly from 1967 to 1977 in counties with more than 50,000 inhabitants, but actually deteriorated in less populous rural counties (Table 5). Indeed, the average age of physicians in the poorest urban neighborhoods is increasing (from 57.8 to 62.4 in Chicago between 1950 and 1970), while it is declining in wealthier communities.

4. Finally, higher monthly debt service payments for physicians will be directly reflected in the fees they charge.

AMERICAN MEDICAL STUDENT ASSOCIATION
RECOMMENDATIONS FOR FY 1983 APPROPRIATIONS

Guaranteed Student Loans

1. DO NOT ELIMINATE GRADUATE AND PROFESSIONAL STUDENTS FROM THIS VITAL PROGRAM. Despite the Administration's arguments, the new program of Auxiliary Loans to Assist Students (ALAS) is not an adequate substitute for GSL. Under ALAS guidelines, students must pay 14% interest on the outstanding value of their loans even while they are attending school. These interest payments would become intolerable for a fourth year student, who would have to divert nearly half of his or her loan just to pay interest on loans taken out in previous years. Furthermore, very few banks are participating in ALAS because of the administrative hassle of collecting interest monthly, the lack of a secondary market (such as what the Student Loan Marketing Association offers for GSL), and restrictive state regulations. Only three states now have operational ALAS programs and only 27 have even passed the necessary enabling legislation.

2. SAVE THE IN-SCHOOL INTEREST SUBSIDY, so that students can use the full value of their loan to meet educational expenses.

3. APPLY NEEDS-BASED CRITERIA TO ALL GSL APPLICANTS, instead of just those whose families earn over $30,000 per year.

Health Professions Student Loans

1. CONTINUE MODEST FEDERAL CAPITAL CONTRIBUTIONS, as the $29 million which will be coming back to revolving funds next year will not be nearly adequate to meet needs. Federal contributions have dropped from $16.5 million in FY 1981 to $5.64 million in FY 1982; even that latter amount was enough to aid 2,800 students.

2. DISCOURAGE THE BUREAU OF HEALTH PERSONNEL DEVELOPMENT AND SERVICE (BHPDS) FROM EFFECTIVELY ELIMINATING THE HPSL PROGRAM THROUGH REGULATIONS WHICH WOULD ESTABLISH AN UNREASONABLE DEFINITION OF DELINQUENCY. Although we recognize that many physicians have not paid back their HPSL loans in a timely manner, we believe that the best solution is to penalize physicians who become delinquent rather than innocent students who happen to attend schools with poor collections experience. Expecting schools to collect 95% of their loan payments within 30 days of the due date, as proposed by BHPDS, is unrealistic and discriminatory.

Health Education Assistance Loans

1. DO NOT IMPOSE AN $80 MILLION CAP ON HEAL LENDING, as proposed by the Administration. In FY 1981, about 6,000 health professions students borrowed $48 million through HEAL; an additional $20 million worth of applications were received but could not be processed because the $48 million cap was reached in mid-summer. Since that $20 million was committed at the beginning of FY 1982, an $80 million cap this year would leave only $60 million for new loans. This amount would clearly be inadequate to meet demand. With the cutbacks in other federal loan and scholarship programs, HEAL simply must be available as a last-dollar source of financing. There are no alternatives available to students in the private market. Furthermore, HEAL involves no federal outlay since even the cost of reimbursing lenders for defaults is borne by an insurance fund with premium fees charged to student borrowers.

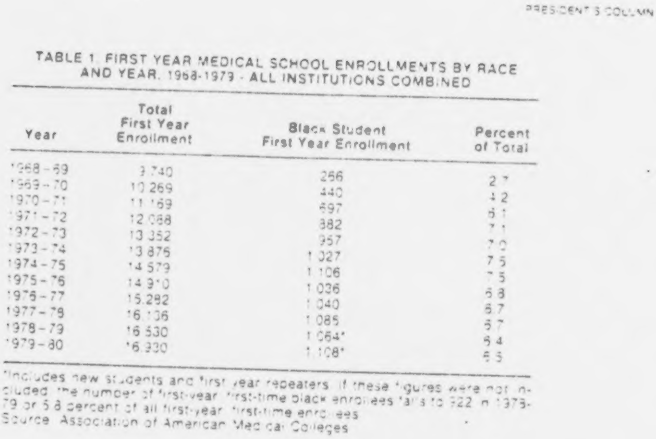
National Health Service Corps Scholarship Program

1. APPROPRIATE FUNDS FOR A SMALL NUMBER OF NEW NHSC SCHOLARSHIPS IN FY 1983, as authorized in the Omnibus Budget Reconciliation Act of 1981. The NHSC Scholarship Program is important not so much as a source of financial aid, but as a mechanism for attracting young physicians to primary care practice in

underserved areas. Virtually no NHSC scholarships have been offered to members of the class of 1985, and none will be offered to members of the class of 1986. Appropriations for the NHSC Scholarship Program have plummeted from $79.5 million in FY 1980 to $63.4 million in FY 1981 to $36.4 million in FY 1982 to a proposed $11.0 million in FY 1983. We belive that it is time to reestablish the scholarship program so that the pipeline of young physicians is not irreversibly interrupted.

Thank you for the opportunity to present our views on FY 1983 Appropriations. We look forward to working with you during the coming year.

TABLE 1



PRESIDENT'S COLUMN

TABLE 1. FIRST YEAR MEDICAL SCHOOL ENROLLMENTS BY RACE AND YEAR, 1968-1979 - ALL INSTITUTIONS COMBINED

Year	Total First Year Enrollment	Black Student First Year Enrollment	Percent of Total
1968-69	9,740	266	2.7
1969-70	10,269	440	4.2
1970-71	11,169	697	6.1
1971-72	12,088	882	7.1
1972-73	13,352	957	7.2
1973-74	13,876	1,027	7.5
1974-75	14,579	1,106	7.5
1975-76	14,910	1,036	6.8
1976-77	15,282	1,040	6.7
1977-78	16,136	1,085	6.7
1978-79	16,530	1,064*	6.4
1979-80	16,930	1,108*	6.5

*Includes new students and first year repeaters. If these figures were not included, the number of first-year, first-time black enrollees falls to 922 in 1978-79 or 5.8 percent of all first-year, first-time enrollees.
Source: Association of American Medical Colleges

TABLE 2

Figure 1

Ratio % of Projected Supply to Estimated Requirements-1990

		Ratio%	Requirements	Surplus (shortage)
Shortages	Child Psychiatry	45%	9.000	(4,900)
	Emergency Medicine	70%	13.500	(4,250)
	Preventive Medicine	75%	7,300	(1,750)
	General Psychiatry	80%	38.500	(8,000)
Near Balance	Hematology/Oncology-Internal Medicine	90%	9.000	(700)
	Dermatology	105%	6.950	400
	Gastroenterology-Internal Medicine	105%	6.500	400
	Osteopathic General Practice	105%	22.000	1,150
	Family Practice	105%	61.300	3.100
	General Internal Medicine	105%	70.250	3,550
	Otolaryngology	105%	8.000	500
	General Pediatrics and Subspecialties	115%	36.400	4,950
Surpluses	Urology	120%	7.700	1,650
	Orthopedic Surgery	135%	15,100	5,000
	Ophthalmology	140%	11,600	4.700
	Thoracic Surgery	140%	2.050	850
	Infectious Diseases-Internal Medicine	145%	2.250	1,000
	Obstetrics/Gynecology	145%	24,000	10,450
	Plastic Surgery	145%	2.700	1,200
	Allergy/Immunology-Internal Medicine	150%	2.050	1,000
	General Surgery	150%	23.500	11,800
	Nephrology-Internal Medicine	175%	2.750	2.100
	Rheumatology-Internal Medicine	175%	1,700	1.300
	Cardiology-Internal Medicine	190%	7.750	7,150
	Endocrinology-Internal Medicine	190%	2.050	1.800
	Neurosurgery	190%	2.650	2.450
	Pulmonary-Internal Medicine	195%	3.600	3.350
	*Physical Medicine and Rehabilitation	75%	3.200	(800)
	*Anesthesiology	95%	21.000	(1550)
	*Nuclear Medicine	N/A	4.000	N/A
	*Pathology	125%	13.500	3,350
	*Radiology	155%	18.000	9.800
	*Neurology	160%	5.500	3.150

*The requirements in these six specialties were estimated crudely after a review of the literature. They should be considered as very rough approximations, and tentative. The full GMENAC modeling methodology will be applied to them in 1980-81.

The assumptions used to project 1990 supply numbers are stated in case 2 in Notes to Figure 2, and in footnote a, Table 1.

Supply numbers for nuclear medicine are not available.

TABLE 3

Projected 1988 Physicians' Incomes
for Eight Rates of Inflation
by Specialty and Age Group

1978 Average Physician's Income

	Age Group					
Specialty	35 and under	36-40	40-45	46-50	51-60	61 and over
All Physicians	$39,625	$55,100	$59,889	$59,870	$54,346	$39,611
General Practice	37,250	45,200	49,889	53,500	45,357	31,900
Internal Medicine	34,625	59,917	60,313	58,500	59,719	40,278
Surgery	44,667	64,500	69,938	74,900	64,722	48,375
Pediatrics	33,000	44,500	49,833	45,500	45,250	32,167
Obstetrics-Gynecology	43,000	68,500	56,000	66,250	63,500	42,500
Radiology	42,500	74,000	79,857	75,500	72,000	64,750
Psychiatry	35,500	40,500	50,000	44,750	44,667	32,750
Anesthesiology	55,000	50,500	50,500	66,000	55,500	39,500

Source: John C. Gaffney, ed., Profile of Medical Practice 1978 (Monroe, Wisconsin: American Medical Association, 1979), p. 266.

TABLE 4

COST OF HEAL TO MEDICAL STUDENTS: $1,000 HEAL LOANS, ACCRUING INTEREST AT 15%, COMPOUNDED SEMI-ANNUALLY

YEAR	LOAN PRINCIPAL $1,000 LOAN FRESHMAN YEAR	+$1,000 SOPHOMORE YEAR	+$1,000 JUNIOR YEAR	+$1,000 SENIOR YEAR	= $4,000 LOAN TOTAL
Medical School: I	$1,156				
II	1,336	$1,156			
III	1,544	1,336	$1,156		
IV	1,785	1,544	1,336	$1,156	
Residency: V	2,063	1,785	1,544	1,336	
VI	2,384	2,063	1,785	1,544	
VII	2,755	2,384	2,063	1,785	
9-Months Grace Period	3,073	2,659	2,301	1,991	$10,024
15 Year Payback (180 Monthly Payments)* Interest	4,673	4,042	3,498	3,028	15,241
Principal[1] (with accrued interest)	3,073	2,659	2,301	1,991	10,024
TOTAL PAYBACK	$7,746	$6,701	$5,799	$5,019	$25,265

[1] See principal with accrued interest, at end of Grace Period.

*Additional indebtedness and debt service can be calculated by multiplying $1,000 principal of loan to arrive at actual princi of an each year.

TABLE 5

TABLE 2.—DISTRIBUTION OF NON-FEDERAL PHYSICIANS IN PATIENT CARE ACTIVITIES BY DEMOGRAPHIC COUNTY CLASSIFICATION, 1967-77

Demographic county classification	Non-Federal physicians in patient-care per 100,000 residents		Percentage increase (decrease) 1967-77
	1967	1977	
Total	125	147	[illegible]
Nonmetropolitan			
Less than 10,000	44	43	[illegible]
10,000 to 24,999	54	53	[illegible]
25,000 to 49,999	[illegible]	[illegible]	[illegible]
50,000 or more	[illegible]	[illegible]	[illegible]
Potential metropolitan	[illegible]	[illegible]	[illegible]
Metropolitan			
50,000 to 499,999	[illegible]	141	+25.9
500,000 to 999,999	[illegible]	[illegible]	[illegible]
1,000,000 to 4,999,999	[illegible]	[illegible]	[illegible]
5,000,000 or more	[illegible]	[illegible]	[illegible]

Source: Physician Distribution and Medical Licensure in the United States, 1977. American Medical Association 1979.

TABLE 6

U.S. Medical Schools
Tuition, Student Fees, and All Other Expenses, First-Year Class
1979-80, 1980-81

	1979-80			1980-81		
	Range	Median	Average	Range	Median	Average
Public Medical Schools*						
Tuition						
Residents	$180-5,550	$1,756	$1,921	$80-5,550	$1,995	$2,108
Nonresidents	800-14,184	3,347	3,824	410-23,290	3,760	4,082
Student Fees	25-1,200	168	293	25-3,525	195	392
All Other Expenses	2,750-8,000	4,725	4,877	3,350-10,090	5,412	5,423
Private Medical Schools						
Tuition**	2,400-13,500	6,500	6,908	2,600-14,750	7,600	7,892
Student Fees	15-600	213	227	8-1,362	203	269
All Other Expenses	2,400-7,455	4,887	4,690	4,000-9,500	5,793	5,941

* Excludes Uniformed Services University of the Health Sciences which does not charge tuition or student fees.

**The following private medical schools reported a lower tuition for residents of the state: Baylor, Catholic University of Puerto Rico, Mayo, Pittsburgh, Temple, Tulane, Eastern Virginia, and the Medical College of Wisconsin. The higher tuition estimate for these schools was used for this table.

LIBRARIES AND SPECIAL INSTITUTIONS PANEL

STATEMENTS OF:

EILEEN D. COOKE, DIRECTOR, AMERICAN LIBRARY ASSOCIATION
PETER PAULSON, DIRECTOR, NEW YORK STATE LIBRARY
HARLEY H. HINRICHS, PRESIDENT, INTERNATIONAL POLICY INSTITUTE

Senator INOUYE. Our next panel concerns libraries and special institutions. We have with us the director of the American Library Association, Ms. Eileen D. Cooke; the director of New York State Library, representing the Association of Research Libraries, Mr. Peter Paulson; and the president of the International Policy Institute, Prof. Harley H. Hinrichs.

Ms. Cooke, I believe you lead the pack here.

STATEMENT OF EILEEN COOKE

Ms. COOKE. Yes, thank you.

Senator INOUYE. Welcome back.

Ms. COOKE. Thank you, Senator Inouye.

I appreciate the opportunity to appear before you today.

I am the director of the Washington Office of the American Library Association. ALA is a nonprofit educational organization of almost 40,000 librarians, trustees, educators, and other friends of libraries, dedicated to the general improvement of library services for all of our people.

I would like to just highlight my testimony today, and point out that the summary page includes our recommendations for adequate funding, given the budget crunch in the right-hand column, and then point out further that there are some detailed statements included about each of the programs that are funded with Federal assistance, such as on public schools and academic libraries.

The administration's budget for libraries is not a question of trimming the fat. It's not a fair-share-cut. Nor are funds being turned back to the States as part of the "New Federalism". The amounts involved are too small to balance the budget or lower the deficit.

The purpose of this budget for libraries is simple and straightforward, but extremely damaging—it's to eliminate entirely the Federal role in support of libraries.

The results would be devastating.

Progress in reaching that part of the population without library services or with very inadequate services would be halted. Several segments of society will be without effective services, those for whom provision of library and information services requires extra effort or special materials and equipment.

These include the disadvantaged and homebound, the elderly and those with limited English-speaking abilities, and the elderly that are in institutions, as well as those that are just at home.

Libraries would be isolated from each other. The telecommunications linkages and administrative arrangements which bring them together to share their cataloging information and resources in general would be cut off.

We are really heavily dependent upon Federal assistance to help stimulate the use of new technology.

Interlibrary cooperation across city and county lines and across State boundaries would in many cases disappear. Faced with budget shortages at local, State, and Federal levels, libraries would be forced reluctantly to serve their own taxpayers first, and the quality of services in terms of interlibrary cooperation nationwide and to Hawaii and to Alaska would suffer in a disastrous fashion.

We recommend that libraries and related programs in the Labor, Health and Human Services, and Education appropriations bills be funded at the authorized level. And those are the minimal levels newly set by last year's reconciliation process.

It is critical that library programs under this subcommittee's jurisdiction be funded because libraries are literally an endangered species faced with both local and State budget stringencies. They are literally hit from all sides.

A few examples of the impacts:

Many libraries provide employment and training through public service jobs under the Comprehensive Employment and Training Act [CETA]; and they have had great success. But the demise of this program has caused problems, for example, the Chicago Public Library has lost 468 staff members since the peak of the CETA jobs in January 1979. Los Angeles Public Library lost 400 staff since proposition 13 and the end of the CETA public service jobs program there.

Postal rates affect all libraries directly. And, incidentally, particularly in Hawaii and Alaska, especially the fourth-class library rate used to send and receive books and other library materials. Failure to appropriate needed amounts of postal subsidies for 1982 caused an unanticipated increase in the libraries, just between December and January, of 30 percent.

The Reagan 1983 postal recommendation would do away with this subsidy entirely and would bring about a 70-percent increase in postal costs just for interlibrary loans.

Another element that would be affected would be in Government publications. The subscription cost for the Federal Register went up 300 percent just at the end of March. And that's something that many libraries and users of libraries depend on to get information about the very programs that you fund in this committee, how to apply for program funds, and what new regulations are, and that sort of thing.

In conclusion I would like to point out that libraries help people to help themselves. They are the original self-help institutions and used to be called poor-person's-universities; and this is true again as the depression period is overtaking many of the cities.

Libraries have enabled generations of immigrants, refugees, and disadvantaged to educate and inform themselves and to go on to make major contributions to American society. Today's libraries themselves need help. They continue to need a small Federal stimulus in order to extend services across boundaries and to utilize modern technology.

This budget turns its back on those cost-effective programs. The price will be high but that price won't really be evident for several years down the road, as library services and the material they have dwindle entirely.

We would just point out, after all, the supply side industries and businesses as well as universities which supply their skilled personnel to research and business later on, need reliable and up to date material in order to help revitalize America.

Thank you very much for this opportunity, Senator.

QUESTIONS

Senator INOUYE. Thank you very much.

I would presume that you would be in favor of the budget committee's recommendation that it be frozen at the 1982 level? With the continuing resolution, it will be $80 million.

Ms. COOKE. If indeed they stay within the categorical program range.

What I am concerned about is they may begin to shift money within the educational function 500.

If we could be assured that it would be frozen at the level that Congress provided in this present continuing resolution, I would say that would be a fairly good solution, and certainly a tremendous improvement over the zero-budget that the President has recommended.

Senator INOUYE. We are not aware of the specifics involved in the recommendation, but if it is what I think it should be, I think you're on pretty safe ground.

Ms. COOKE. Thank you, Senator.

Senator INOUYE. There is a vote pending at this time, but let's see how far we can get.

The next witness is Mr. Paulson.

STATEMENT OF PETER PAULSON

Mr. PAULSON. Thank you for this opportunity to represent the Association of Research Libraries, an organization of which my library is a member.

The Association of Research Libraries consists of 113 of the largest research libraries in the United States. This is a relatively small number of institutions but they constitute a very important national resource.

Collectively they hold over 246 million volumes and they provide support for basic and applied research in colleges and universities and to a wider audience in a broader community.

The administration has said that it recognizes the fundamental importance of both basic and applied research to national security and economic vitality. Yet the fiscal year 1983 budget contradicts this belief by proposing to eliminate entirely key Federal library programs and to reduce drastically other Federal programs that are basic to maintaining a support structure for research.

Federal library programs have been carefully designed to apply relatively modest funds in ways that enable libraries to extend their services and make their resources more widely available.

Research libraries particularly today face three major problems:

The rapid rise in the cost of published materials. Although the 75 largest libraries are spending 91 percent more today in acquiring materials than they were in 1970, they are buying 22 percent less, a situation which does not allow them to continue to maintain their collections at a level that will support national needs.

The second major problem is the need to make investments in technology that will reduce the labor-intensiveness of library operations and improve resource-sharing and access.

And the third problem is the deterioration of paper collections in libraries, and the need to preserve these information resources.

The title II–C program of the Higher Education Act targets on these three problem areas, and provides grants to significant research collections for the acquisition of special materials, for the building of computer data bases, and for preservation.

Examples include the 1981 grant to the University of Hawaii to establish demographic of its internationally significant collection—Pacific collection, a project which enters in a nationally available data base information about those important holdings at the university, and makes them available and known to scholars elsewhere.

Similarly, in New York State, a 2-year project funded by this program, which was operated by the New York State Library, allowed over one-half million titles in selected subject areas in six research library collections in the State to be added to the same national data base. And 25 percent of those titles were previously unlisted and unknown to scholars elsewhere.

The association recommends that title II–C of the Higher Education Act be funded at the budget reconciliation figure of $6 million in fiscal year 1983.

I would like also to briefly comment on four other library-related programs that are of particular interest to the association.

The first of these is the college library resources portion of the Higher Education Act, title II–A, which provides grants to smaller academic institutions to buy needed, expensive, reference materials.

In some parts of the country these grants are being used to buy materials cooperatively among institutions in a local or regional area. They are being used that way in New York State.

We recommend that this program be funded at the budget reconciliation figure of $5 million.

The second program is the library training, research, and development portion of the Higher Education Act, title II–B, which supports basic and applied research and information science.

Our times have been variously described as the "postindustrial society," the "information age," and there have been several national commissions that have been formed—such as the Rockefeller Commission on National Information Policy, the Paperwork Commission, National Commission on Library Information Science—to indicate the crucial role that information plays in our society.

And we recommend that title II–B, which is one of the few places that the Federal Government is making an investment in research to improve—which will improve national performance in this area—be funded at the budget reconciliation level.

We also propose budget reconciliation level support for title VI–A, which provides foreign language material for academic institutions and LSCA title III, which helps to build bridges between higher education research libraries and public libraries, and make the resources of those institutions available to a wider community.

Thank you very much for your attention.

Senator INOUYE. Thank you very much, sir.

Our last witness on this panel is Prof. Harley Hinrichs, the president of the International Policy Institute.

Before proceeding, I would like to assure the members of this panel that, like all other panels, your full statement will be made a part of the record; and I can assure you that I will at least read that. I can't assure that the rest of the panel will; but I will read it.

Welcome, sir.

STATEMENT OF HARLEY H. HINRICHS

Dr. HINRICHS. First of all, Senator, I would like to say it's a great pleasure to testify before you, because, as president of the International Policy Institute I should state that you were once a member of our advisory council back in 1975, 1976, and 1977, when we were cofounded by the Asian Benevolent Corps and others. I was also former editor of Asian Voice magazine. So I have a great interest in your background, and I hope—I basically know you have great interest in what I am going to say.

Senator INOUYE. I am glad to see that you have survived all those years. [Laughter.]

Dr. HINRICHS. Essentially the testimony I am about to give is somewhat different, almost unique, from typical testimony, in that I am asking for less money and for more congressional oversight—something of a paradoxical switch in the normal role that one has when one testifies before this committee.

First of all, I can summarize the paper which is entitled, "Why Howard Can't Read: How Racism Produces Incompetence." This paper basically is in the interest of both Howard students and the American taxpayer, and tries to improve the quality of education at Howard University, at the same time doing this with an incentive program which rewards the administration of Howard and the faculty for performance; and in so doing this, improves the quality of education and removes from the administration and the faculty those who are proven incompetent by standard professional tests.

In summary, No. 1, Howard's admissions, hiring, and racist policies have resulted in incompetence. Seventy-five to ninety percent of the graduate students fail their comprehensive examinations—Howard law school, dental school, et cetera; where it may be over 50 percent.

No. 2, this is a waste of both human lives and the taxpayers' dollars, at the extraordinary rate of $15,000 per student and financing an unresponsive bureaucracy with seven officers averaging $100,000 per year in pay and benefits.

No. 3, the Congress has the opportunity and obligation to insist on the return of excellence to Howard. An incentive plan is recommended that would weed out incompetent professors and administrators in combination with a 10-percent budget cut to see this is done.

The net result would be both an improvement in the quality of education and a savings of $14.5 million in taxpayer money.

Now, the statement itself is fairly short, so let me read it through fairly rapidly, so to give more time for questions.

Essentially, having worked for Howard and been inspired by the dedication to human rights of your chairman, Senator Hatfield, and having worked for and been inspired by the dedication to reducing waste in Federal expenditures of your ranking minority member, Senator Proxmire, I feel morally bound to report to you on the state of education at Howard University.

The purpose of this testimony is both to improve the quality of education at Howard, and to reduce the current waste in Federal expenditures, nearly $15,000 per student.

The purpose is also to fulfill an obligation to my students at Howard who are being systematically deprived of excellence in education.

Finally, as a civil rights worker for many years, and a fellow-marcher with Dr. Martin Luther King, Jr., I am morally bound and compelled to fight racism wherever it appears.

First, the problem, and that is, evidence of incompetence.

Very briefly, for the extraordinary cost of about $15,000 of taxpayer subsidies, plus another $5,000 per student of other funds, the results at Howard resemble that of an "educational C–5A."

For example, normally half of the Howard Law School graduates fail to pass the D.C. bar examinations.

Senator INOUYE. What is the rate for other universities?

Dr. HINRICHS. Actually, others, normally, it's about 50 to 65 percent.

Now, this is about 4, 5 years experience for Howard. Last year Howard did somewhat better. But I spoke to the dean and he said this was something of a fluke in that Howard normally would hit about 48 percent. However, last year Howard did somewhat better.

Normally universities will do about 65 percent.

Senator INOUYE. What does Georgetown do?

Dr. HINRICHS. I presume it's the same—I was told, I think G.W. was about 60, 65; and Georgetown might do somewhat better.

Senator INOUYE. Then Howard is doing just as well as Georgetown?

Dr. HINRICHS. No, no, essentially, Howard does normally less than 50 percent.

Senator INOUYE. Oh.

Dr. HINRICHS. Georgetown is normally better than 60 or 65 percent, which is roughly maybe one-third worse.

Now in the economics and other faculties, you have an extraordinary failure rate, as much as 90 percent of economics graduate students fail to pass the comprehensive examination the first time around.

For more specific evidence of incompetence, at the time when I was teaching the history of economic thought course at Howard, I went into the library to get a number of books, and I discovered the library did not have—or even on order—the following books: Adam Smith, "Wealth of Nations," Karl Marx, "Das Kapital," John Maynard Keynes, "General Theory". I did not know I might say that I would be testifying with these fellow librarians.

But to anyone in the academic world, that's absolutely shocking that not only they would not be in the library, but not even on order.

I can assure you they since then have been ordered.

As a member of the executive committee of the faculty of economics, I did a study of the other professors' course outlines, syllabi, and found that over half the outlines did not contain a book or journal article reference more recent than three years ago. In economics, as we all know, especially today, the rate of idea-technological obsolescence is particularly rapid, given the recent demise of the Phillips Curve, Okun's Law and the Laffer Curve, and I could say the more recent Reagan budget.

The problem—evidence of racism:

Instead of being a bastion of civil rights, much of Howard University has become the backwater of racism. This means that if Howard systematically excludes the 85 percent of the American population that happens to be of European ancestry—through no fault of their own, I might add—and it unneccessarily deprives its students of a full education—both from fellow students and faculty.

I remember Dr. Martin Luther King saying, "black and white together." He did not say that Howard University had a right to be segregated and to discriminate against nonblacks.

Item—The faculty of economics has seven tenured professors, none of whom happen to be of European ancestry. The odds of this being a random accident are 10 million to 1.

Item—Four previous economics faculty members of European ancestry, with doctorates from Harvard, Chicago, and other normal signs of competence, were denied tenure and summarily dismissed after as many as 7 years of continuous service, which is quite a violation of the guidelines of the American Association of University Professors.

Item—Upon confronting the Dean of Liberal Arts at Howard with this record of "statistical racism," I received a reply forever etched in my memory—this incredible reply—He said, "Why should Howard be different from anyone else? Everyone is a racist—the President, the Congress, why shouldn't Howard discriminate? As long as the University of Maryland doesn't hire black professors, why should we hire white ones?" An actual quote.

I did not for example vote for the President or many Members of the Congress, but I resent as an American having anybody, especially someone at a salary range around $57,000, having them call my President a racist, calling Members of the Congress, who I've worked for, racist. So I resent that very much, and that's why I felt I have to testify on this issue.

So much for hypocracy at Howard University.

The dean's statement is especially tragic because he is probably one of the best and brightest at Howard, so it's really McBethian that the brightest people at Howard are in a sense becoming cynically racist and becoming overly interested in mobilizing funds from the Congress rather than worrying more about the performance of their students.

Well, finally, racism at Howard——

Senator INOUYE. I hate to interupt at this point, but I've just got a call from the Floor; they are holding up the vote just for me. And I hate to hold up these proceedings.

I would like to assure you that your statement will not only be made part of the record; I find it extremely interesting. I didn't realize the statistics were that——

Dr. HINRICHS. Incredible.

Senator INOUYE [continuing]. Interesting, so I would say.

And I will discuss this matter with the officials of Howard, and see if anything has been done.

And so, with that, I would like to call this session to a recess until 3:10. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF PETER PAULSON

Thank you for the opportunity to submit testimony on behalf of the 113 major research libraries that comprise the membership of the Association of Research Libraries (ARL), a non-profit, educational organization. The mission of the Association is to strengthen and extend the capacity of its member libraries to support research in all fields. We believe that the FY 1983 Budget proposed by the Administration seriously undermines libraries' efforts to provide the resources and services essential to the nation's research enterprise. The Administration has said that it recognizes the fundamental importance of both basic and applied research to national security and economic vitality. Yet its FY 1983 Budget contradicts this belief by proposing to eliminate entirely key federal library programs and to reduce drastically other federal programs that are basic to maintaining a support structure for research.

Federal library programs have been carefully designed to apply very modest funds in ways that enable libraries to extend their services and make their resources more widely available. Libraries which are struggling to maintain existing levels of resources and to meet increasing demands cannot develop needed new programs without Federal help. For example, last year the price of a typical U.S. periodical increased 13.3% while research library expenditures rose only 9.5%. Since 1976, the number of new volumes added to research library shelves has declined 3% each year. We are not keeping up, and state and local governments and private universities are unable to fill the gap. Libraries facing such stringent budget conditions do not have funds to undertake new projects, even when these projects will help them to contain costs or share resources in the long run.

Strengthening Research Library Resources, Higher Education Act Title II Part C

The grants made under Title II-C of the Higher Education Act demonstrate that thoughtful and creative responses are being made to the intense pressures placed on research collections. For example, since libraries cannot maintain their overall purchasing power, II-C projects help to insure that unique collections are maintained and strengthened so that important specialized resources will be available in at least one U.S. library. This year $427,253 is being carefully spent to fill gaps in collections such as Cornell's South Asian holdings, the Newberry Library's resources in British history, the University of Illinois resource center in mathematics, and other collections that serve as national resources.

Another way to attack the problem of reduced buying power is to take advantage of computer technology to build a data base making the holdings of one library known to others. The data base then serves as the basis of a network for sharing library materials. For example, the library at SUNY-Stonybrook found that loan requests for its Latin American materials increased fourfold after these titles were entered into a data base with the help of II-C funds. While research libraries are entering their current cataloging into such data bases, records for many important older collections are not available. This year $4,274,205 in Title II-C funds is being spent to provide access to collections such as the joint serial holdings of University of Michigan, Wayne State, and Michigan State; Ohio State's holdings in agriculture, engineering, and education; an important microform collection in the history of science at University of Utah; and many more. In many cases, II-C is the only source of funds for adding these retrospective records to the national data base. Many important records have been added, but millions more remain.

Title II-C is also the only source of funds available to many libraries for projects to microfilm and otherwise preserve the vast number of precious research materials rapidly deteriorating into unusable condition. Books printed on acidic paper — that is, almost all books printed after circa 1850 — are rapidly self-destructing. One of our member libraries surveyed its shelves and found 5% of its collection to have deteriorated to the point that the books could no longer remain standing on the shelves. That means, most likely, that at least 13,727,000 volumes in ARL member libraries alone are no longer usable without some form of preservation treatment. This year Title II-C is spending $1,298,542 on preservation activities in 15 libraries across the country. Without these funds this vital work will cease.

One of the arguments made by the Administration for dissolving library programs is that these programs have accomplished their mission and are no longer needed. This is a flawed argument, since we are facing new pressures and there is still much work to be done. This argument is particularly inappropriate in the case of a relatively new program like Title II-C, which is only in its fourth year of operation. And the program is beginning to make a significant difference in the provision of research materials throughout the country. We recommend that HEA Title II-C be funded at $6 million in FY 1983. This is the amount expended in FY 1981 and the figure recommended for FY 1983 in the Budget Reconciliation. Given the erosion of library buying power for research resources and the deterioration of the materials themselves, we cannot afford to appropriate less.

College Library Resources, Higher Education Act Title II Part A

The several programs authorized by Title II of HEA together form an overall program that has had a considerable impact on the ability of the nation's libraries to support postsecondary education and research. Title II-A grants have enabled smaller academic libraries to provide special resources needed by their own users that they could not otherwise afford. II-A grants also help to purchase expensive reference materials, such as abstracts and indexes. An index subscription averaged $244.00 in 1981. These costly tools are a necessary starting point for research, guiding users to items their library can request from larger resource centers. For the first time last year, II-A grantees were able to use funds for networking activities, enabling many to acquire computer terminals to gain access to the records of other libraries. Thus, II-A funds help to build links between smaller academic libraries and the larger research libraries that augment their resources. We recommend that Title II-A be funded at the level recognized as necessary for 1983 in the Budget Reconciliation: $5 million. College libraries need these funds to become an effective part of the national network.

Library Training, Research & Development, Higher Education Act Title II Part B

We have noted that rising costs and diminished budgets are forcing librarians to explore creatively more efficient ways to maintain resources and provide services. At the same time, we must learn how to master and adapt new information technologies to help solve our problems. Never before has the need for research on library operations been so urgent. Yet there are virtually no sources of funds for such research outside of the research and demonstration program authorized by Title II-B. We recommend that HEA II-B be funded at the $1,200,000 level authorized for 1983 by the Budget Reconciliation.

International and Foreign Language Studies, Higher Education Act Title VI Part A

Title VI recognizes that knowledge of foreign languages and cultures is essential to building sound economic and political relations with other countries. Maintaining library support for international education is, at best, difficult. The acquisition and cataloging of specialized materials requires not only language skills, but knowledge of foreign book markets and of little known sources for materials. American research libraries have worked hard to develop the collections and personnel necessary for supporting foreign area studies, and grants made under Title VI have been of critical assistance.

Research libraries supporting Title VI National Resource Centers often receive anywhere from $5,000 to $25,000 in a year for support of each area and could not maintain these collections otherwise. Examples abound. At Ohio State, Title VI funds were used last year to acquire and catalog Middle Eastern and South Asian materials; the Slavic and Eastern European collection has been built with Title VI support. At Wisconsin, where South Asian, African, and Latin American collections of national significance have been built, Title VI funds kept these collections alive even when state funds for library purchases were frozen. Title VI has aided in the development of strong Latin American collections at the University of New Mexico and New Mexico State; Title VI funds have supported purchase and processing of Eastern European materials at the University of Oregon. Libraries in 27 states depend upon Title VI funds to maintain area studies collections that serve the entire country.

The Administration Budget proposes a 54% cut in this program, which would reduce the number of National Resource Centers from 90 to 40. The impact on those library collections affected, after being so carefully built up, would be devastating. We recommend the 1983 Budget Reconciliation level for HEA Title VI of $21.8 million.

Library Services and Construction Act (LSCA)

If library services are to be available to all segments of the U.S. population and to continue to contribute to productivity, maintenance of LSCA is essential. A strong nationwide library system forms a network through which needed information reaches researchers, farmers, medical personnel, businessmen, etc. — in short, all Americans engaged in productive work. The decision to provide Federal funds for states to develop such networks has proven to be a very wise one — LSCA is widely recognized to be a major driving force behind the development of multi-type library cooperation at the state level. A study done in 1978 for the, then, Office of Education, found that "development of library cooperation and networking would have been less extensive or not possible at all without Federal support in the form of LSCA funds."

For example, in Oregon five of the state's largest libraries receive LSCA Title III funds to help offset the costs of making their resources available statewide. While the amounts of money involved are small — the largest grants are $10,000 per year — the impact on Oregon's library services has been major. In Massachusetts, the Boston Library Consortium is using an LSCA Title III grant to expand a preliminary union list of serials held by research libraries in the Boston area into a shared serials data base. The printed preliminary list has been so heavily used by readers at the Boston Public Library that the copy available there was completely worn out and had to be replaced after only 5 years! The New York State Library is also using LSCA funds to build a serials data base —

statewide. Last year, over 44% of the requests received by New York's highly effective interlibrary loan network were for journal articles and a statewide data base is needed to locate these articles quickly and efficiently. If LSCA is not funded, such projects will cease; local governments cannot pickup even this modest tab. Only a federal program can foster this kind of statewide and national cooperation among locally funded institutions. We recommend that LSCA be funded at the 1983 Reconciliation levels: $65,000,000 for Title I and $15,000,000 for Title III.

Work-Study Programs, Higher Education Act Title IV Part A

In 1978-79 students worked for a total of 39,552,300 hours in U.S. college and university libraries. Students make up a critical component of the work force in academic libraries (about 22% in ARL libraries) and many of these students are paid by Federal Work-Study funds. A significant reduction in these student workers would probably force many academic libraries to cut-back severely on the hours they are open and would hamper processing and circulation procedures. The cuts in the Work-Study Program proposed by the Administration would result in the loss of 250,000 student job opportunities in colleges and universities. We recommend that the College Work-Study Program be funded at the 1983 level set by the Budget Reconciliation: $550 million.

National Center for Education Statistics (NCES)

We have described many of the pressures and problems facing American libraries today. Addressing these problems effectively requires good management, and good library management requires accurate, up-to-date data describing library operations and resources. NCES is the only authoritative source for the broad range of statistics we need on libraries and their parent institutions. Publication of NCES library data lags several years behind its collection. NCES needs adequate support to correct this problem and to continue its library surveys. We recommend appropriation of the authorized amount for NCES in 1983: $8,947,000.

STATEMENT OF EILEEN D. COOKE

My name is Eileen D. Cooke. I am Associate Executive Director of the American Library Association and Director of its Washington Office. ALA, a nonprofit educational organization of almost 40,000 librarians, trustees, educators, and other friends of libraries, is dedicated to the improvement of library services for all the American people. My testimony includes a one-page summary of our FY 1983 recommendations and detailed information on the impact of this disastrous budget on library and related programs covered by the Labor-HHS-Education appropriations bill.

Elimination of Federal Role. The Administration's budget for libraries is not a question of trimming the fat. It is not a "fair share" cut. Nor are funds being turned back to the states as part of the "new federalism." The amounts involved are too small to balance the budget or lower the deficit. The purpose of this budget for libraries is simple and straightforward, but extremely damaging -- to eliminate the federal role in support of libraries.

The results would be devastating. Progress in reaching that part of the population without library services or with very inadequate service would be halted. Several segments of society will be without effective library service -- those for whom provision of library and information services requires extra effort or special materials and equipment. These include the disadvantaged and homebound, the handicapped, those with limited English-speaking ability, the elderly, and the institutionalized.

Libraries themselves would be isolated from each other. The telecommunications linkages and administrative arrangements which bring them together for shared cataloging, resource sharing and reference services are heavily dependent on federal support and stimulus. Interlibrary cooperation across city and county lines and across state boundaries would in many cases disappear. Faced with budget shortages at local, state, and federal levels, libraries would be forced reluctantly to serve their own taxpayers first, and quality of service to all would suffer.

Impact of Cuts in Other Federal Programs. We recommend that library and related programs in the Labor-HHS-Education appropriations bill be funded at the authorized level. These authorization levels are minimal levels newly set by last year's reconciliation process. It is critical that the library programs under this Subcommittee's jurisdiction be funded because libraries are an endangered species -- faced with local and state budget stringencies and hit from all sides of the federal budget as well.

A few examples will show the impact. Many libraries provided employment and training to public service workers under the Comprehensive Employment and Training

Act (CETA) with great success, but the demise of this program has caused problems. The Chicago Public Library has lost 468 staff members since their peak number of CETA workers in January 1979. The Los Angeles Public Library has lost 400 staff since Proposition 13 and the end of CETA public service jobs.

Postal rates affect all libraries directly -- especially the fourth-class library rate used to send and receive books and other library materials. Failure to appropriate the needed amount of postal subsidy for FY 1982 caused an unanticipated increase in the library rate of over 30 percent. The Reagan FY 1983 Postal Service budget would end the gradual phasing in of full attributable costs for the library postal rate. Should this be enacted, libraries would face an increase in postal costs of over 70 percent in a one-year period.

The subscription price of the Federal Register has just increased from $75 to $300, a 300 percent increase. At that price, many small public and high school libraries will no longer be able to purchase one of the basic documents for information about the federal government. Libraries, schools and colleges need that publication for timely information about the education programs this Subcommittee funds, grant deadlines, revised regulations, notices of meetings, and so on.

The National Archives, citing budget cuts, recently discontinued the interlibrary loan of microfilm publications from its Fort Worth Federal Archives and Records Center. About 400,000 reels of census, diplomatic, pension and other records used heavily by genealogists and other researchers were lent to libraries annually. Now users must travel to one of twelve sites to use the materials in person, or libraries must purchase the most heavily used reels at $15 each.

Impoundment of FY 1982 LSCA Funds. Despite a lawsuit involving eight states and two adverse General Accounting Office opinions, the Administration continued to impound $20 million in Library Services and Construction Act funds provided by Congress for FY 1982 until April 23. LSCA, which is not advance funded, is a state allotment program characterized by GAO as a mandatory spending program. The normal procedure is for the full amount to be released to each state library agency as soon as paperwork is completed and funds are appropriated.

Although a rescission request was not submitted until February, the Administration has since last October been releasing funds at the rate of the September budget request rather than the Congressionally approved amount. This lower rate, plus release of only 51 percent of that rate (because of the earlier short-term continuing resolution), combined with the four percent across-the-board cut, meant that states had received much less than anticipated until just last week. The Office of Management and Budget at one point announced that funds were being released, then several days later changed their minds, adding to the confusion. OMB apparently decided to disagree with the GAO opinions which called the withholding illegal impoundment.

Conclusion. Libraries help people to help themselves. They are the original self-help institutions which have enabled generations of immigrants, refugees, and disadvantaged to educate and inform themselves and go on to make major contributions to American society. But today libraries themselves need help. They continue to need a small federal stimulus in order to extend services to all the population and to utilize modern technology in doing so.

This budget turns its back on small but cost effective programs. The price will be high, but that high price won't be fully apparent for some years until the supply of information through libraries has dwindled to an alarming extent. After all, supply-side industries and businesses as well as the universities which supply their skilled personnel and much of their research, need reliable and up-to-date information if they are to revitalize America.

Thank you for this opportunity to provide the views of the American Library Association.

STATEMENT OF DR. HARLEY H. HINRICHS

"WHY HOWARD CAN'T READ: HOW RACISM PRODUCES INCOMPETENCE"

By Dr. Harley H. Hinrichs*

Having worked for and having been inspired by the dedication to human rights of your chairman, Senator Hatfield**.and having worked for and been inspired by the dedication to reducing waste in federal expenditures of your ranking minority member, Senator Proxmire*** I feel morally bound to report to you on the state of education at Howard University.

The purpose of this testimony is both to improve the quality of education at Howard and to reduce the current waste in federal expenditures---nearly $15,000 per student. The purpose is also to fulfill an obligation to my students at Howard who are being systematically deprived of excellence in education. Finally, as a civil rights worker for many years and a fellow-marcher with Dr. Martin Luther King, Jr., I am morally compelled to fight racism whereever it appears.

---

*For twenty-five years has served as a faculty member on the faculties of Harvard, University of Maryland, Wisconsin Purdue, the U.S. Naval Academy and Howard University; has also worked as a Fiscal Economist for the U.S. Treasury Office of the Secretary and the Joint Economic Committee; has authored/co-authored five books and over fifty articles

**See my testimony, "Hatfield's Simpliform Tax Reform," House Ways and Means Committee, 1972.

***As editor of the JEC's Revenue Sharing compendium, 1967.

The Problem: Evidence of Incompetence

For the extraordinary cost of about $15,000 of taxpayer sudsidies* plus another $5,000 per student of other funds, the results resemble that of an "educational C-5A:"**

---normally half of the Howard Law School graduates fail to pass the D.C. bar examinations.

---more than 90% of the economics graduate students fail to pass their comprehensive examinations the first time around.

---for more specific direct evidence: when teaching the "History of Economic Though course at Howard, I discovered that the library did not have(or on order!) the following books: Adam Smith, Wealth of Nations, Karl Marx, Das Kapital and John Maynard Keynes, General Theory..."

---as a member of the Executive Committee of the Faculty of Economics, I did a study of the other professors' Course Outlines(Syllabi): over half the outlines did not contain a book or journal article reference more recent than three years ago(in economics, as we all know, the rate of idea-technological obsolescence is particularly rapid given the recent demise of the Phillips Curve, Okun's Law and the Laffer Curve).

The Problem: Evidence of Racism

Instead of being a bastion of civil rights, much of Howard University is a backwater of racism. This means that if Howard systematically excludes the 85% of the American population that happens to be of European ancestry, it unnecessarily deprives its students of a full education---both from fellow students and faculty. Dr. Martin Luther King said "black and white together;" he did not say that Howard University had a right to be segregated and to discriminate against non-blacks.

---

*The federal share of the Howard budget is estimated between 60%-80% depending on allocations for direct and indirect subsidies (student loans, tax exemptions, etc.).

**This evidence is based on direct, personal observation during seven full-time years as a faculty member during 1974-81.

---The Faculty of Economics has seven tenured professors; none of whom happen to be of European ancestry. The odds of this being a random accident are 10 million to one.

---Four previous Economics Faculty members of European ancestry (with doctorates from Harvard, Chicago, and other signs of competence) were denied tenure and summarily dismissed after as many as seven years of continuous service(quite in violation of the American Association of University Professors guidelines).

---Upon confronting the Dean of Liberal Arts with this record of "statistical racism," I received a reply forever etched in my memory: "Why should Howard be different from anyone else? Everyone is racist: the President, the Congress...Why shouldn't Howard discriminate? As long as the University of Maryland doesn't hire black professors, why should we hire white ones!" (So much for idealism...and hypocrisy at Howard University. The Dean's statement is especially tragic because he is probably one of the brightest and best at Howard.

---Racism at Howard(at least in this case study of the Department of Economics---although evidence exists elsewhere) may be expanded to other related categories:

---discrimination against women: no tenured women faculty---although, to his credit, this same Dean of Liberal Arts made a plea to the Economics faculty to hire some women on a tenure track.

---discrimination against Hispanics and even against black foreign students and faculty: in fact the most prevalent discrimination at Howard is not black against white(of which there are so few they can be regarded as albino curiosities) but American black against overseas blacks, principally Caribbean(the previous Caribbean chairman was summarily dismissed by the Dean despite the faculty's support for the chairman) and African---an ultimate xenophobic paradox. Although there can be legitimate Congressional and Howard University concerns as to how many foreign students(many from oil rich OPEC countries) are admitted to receive the "Congressional $15,000 scholarship," it is imperative in a university community that each student, once admitted, should be treated without discrimination.

---Hiring, promotion and tenure dicisions are often based on a "racist social club" criteria resulting in a self-perpetuation of incompetence---rather than in a true search for excellence. In my professional judgment three of the seven tenured Economics faculty members are professionally incompetent---and probably could not even pass a current comprehensive examination.* Obviously, if the faculty(or say one-third of it) is incompetent, then students can hardly be totally responsible for their current 90% failure rate on the comprehensive examination.

(I know that the students are capable of doing better in economics than the 90% failure record. When I taught both the economic development theory and policy courses,the failure rate was less than 10%.) Many students know and complain about the failure of the Howard faculty---but their voices are rarely heard. Even Dr. Cheek, the president of Howard University, could not spare 7 minutes to hear my evaluation of education at Howard based on my 7 years on the faculty. (He said he "didn't want to interfere with the academic program.")

---Finally, the two most recent "reverse-discrimination" suits that Howard has "lost"(settled on the court house steps after forcing professors to spend much time and money to secure even partial justice) bear testimony to racism at Howard: the Reuben case(in this same College of Liberal Arts) resulted in the termination of a civil rights liberal whose apparent handicap in the eyes of the Howard power structure was that he had been born in South Africa and was Jewish; and the Sidwell case where an English professor of some twelve years employment(in the same faculty of Liberal Arts) was discharged although normally five years is regarded in the academic world as de facto tenure. (Howard says it does not abide by the rules of the AAUP.)

A Solution: An Incentive Plan to Improve Education by Cutting Funds

A unique opportunity presents itself to the Congress to both improve education at Howard and at the same time save taxpayers' dollars.

If any other federally-funded project had such a dismal record of accomplishment as Howard(for example, as our case study of the Department of Economics has shown, 13 out of 15 graduate students taking the comprehensive examinations a year ago failed, and 13 out of 14 failed last fall), surely the Congress would act.

---

*This professional judgment is made on the basis of seven years' association with these faculty members; and on the basis of my summa cum laude degrees from Wisconsin, Purdue, Melbourne(Fulbright Scholar), and Harvard(Ph.D., straight A's in economics).

If 13 out of 14 air force planes crashed on take-off, surely the Congress would re-examine the competence of the instructors and the safety of the aircraft; even if the football team lost 13 of 14 games, the coach's tenure would be in question.

Here is what can be done by the Congress in a recommendation to the Howard Board of Trustees(who will receive a copy of this testimony---as well as Messrs. Marriott and Albritton who are co-chairing a Howard fund-raising drive):

1. Any department ~~whose~~ where a majority of its undergraduate and/or graduate students fail their comprehensive examinations(insuring the exams are graded at least in part by outside readers) shall require its department faculty to take an equivalent comprehensive examination(also graded by outside readers). Any faculty member who fails(tenured or not) will be discharged(although pension benefits will not be affected). With this "performance budgeting" output measure and incentive* we can all predict a dramatic improvement in the effort and results of the educational process. By weeding out the incompetent professors at Howard(whose marginal product may be negative or at best zero) the Howard budget might save $20 million(adjusted for some replacement of $40,000 a year incompetents(pay and benefits) by fresh, brighter, more competent junior professors(averaging $20,000); this assumes that only 20% would be proven incompetent---compared to more than 40% found incompetent in our sample case of the Department of Economics. These are conservative estimates. Part of the savings can be plowed back into student aid, scholarships for the truly gifted, and especially job placement programs for the successful graduates.

2. Until this incentive program is implemented, the salaries of the president and six vice-presidents at Howard---averaging in pay and benefits in excess of $100,000 per year---can be reduced to the highest level of federal civil servants ($60,000). This will at least get their attention and provide incentives to carry out the plan. If any of the officers at Howard believes his "market value"---with this record of performance---is worth $100,000, he/she can be free to go elsewhere. I'm

---

*For other output measures in education see my texts, Program Budgeting and Benefit-Cost Analysis and Systematic Analysis.

sure with his/her job opening made available there will be hundreds of applicants sending in resumes within days to fill the spot---even at $60,000.

3. To put teeth into recommendations #1 and #2 the Congress can freeeze 10% of the Howard Appropriation($145.2 million) until the Board of Trustees and/or officers choose to act.

Howard has known excellence in the past---and can achieve excellence again in the future. It is up to the Congress to see that not only money but also incentives are given to Howard to achieve that excellence.

EQUITY PROGRAMS PANEL

STATEMENTS OF:

REEVE LOVE, ASSOCIATE DIRECTOR, SEX DESEGREGATION TRAINING INSTITUTE, UNIVERSITY OF NEW MEXICO

DR. OGLE B. DUFF, RACE DESEGREGATION ASSISTANCE CENTER, UNIVERSITY OF PITTSBURGH

DR. J. JOHN HARRIS III, INDIANA UNIVERSITY

BARBARA STEIN, NATIONAL COALITION FOR WOMEN AND GIRLS IN EDUCATION

SILVIA UNZUETA, SPANISH AMERICAN LEAGUE AGAINST DISCRIMINATION AND YWCA OF GREATER MIAMI

STATEMENT OF DR. JOHN HARRIS

Senator RUDMAN. Dr. Harris and members of the panel, welcome to the subcommittee.

If you would kindly identify yourself and the members of your panel, and then proceed in any order in which you would like. The only request the subcommittee has is as to the time constraints, if you would observe the limitations staff has advised you of as far as you can.

Dr. HARRIS. Thank you, Mr. Chairman.

I am Prof. John Harris of Indiana University. We are here to testify in support of the equity programs which are being considered for 1983 appropriations by your subcommittee.

A parent recently remarked that a question to ask relative to society's perceptions of education was not whether to have them but rather do educators want to know what societal perceptions are towards education. The same could be said of the respective equity programs under consideration.

The issue is not whether people use a sense of the past in formulating criteria for subsequent funding, but how accurate is the current data and historical data upon which your decision will be made?

Present Federal initiatives similarly question our programs' existence at the national level. However, we feel that the impact of past Federal appropriations have been most positive during these periods of retrenchment, hard choices, and deflated hopes. Furthermore, it has been postulated that there is an issue attention cycle now focused on equity programs and that a Federal policy question pops in and out of public view in a seemingly regular cycle of alarm—respond and then neglect.

This is true of other educational issues in the long perspective of history.

The following set of testimonies are intended to give resonance to the impact of past and current funding of the respective equity programs, that is, title IV, Women's Educational Equity and Bilingual Initiatives.

The testimony will be presented as follows:

First, Dr. Ogle B. Duff, of the Desegregation Assistance Center at the University of Pittsburgh, Pennsylvania.

Second, Ms. Barbara Stein, National Coalition for Women and Girls in Education, Washington, D.C.

Third, Ms. Reeve Love, Sex Desegregation Training Institute, University of New Mexico, Albuquerque, N. Mex.

And, fourth, Ms. Silvia Unzueta, with the Miami Young Women's Christian Association and the Spanish-American League Against Discrimination.

Following the respective testimony, we will graciously respond to your questions.

STATEMENT OF DR. OGLE B. DUFF

Dr. Duff. I am the director of the title IV Center at the University of Pittsburgh, and associate professor, School of Education at the University of Pittsburgh.

I am representing constituents at the University of Pittsburgh who have written letters and who have been supportive of the program, as well as others who have been supportive of title IV programs.

Thousands of school children have moved from segregated to desegregated schools, and the process is continuing. As the number of students in transition increases, however, tensions rise in both school and community.

To reverse the trend of racial isolation, education must be committed to providing high-quality learning experiences with equity in outcome for all students.

This is an urgent priority for American society in general, and for educational institutions in particular.

If our schools are to be effectively desegregated, we must approach conflict among blacks, whites, and other ethnic groups realistically. Desegregation can be approached from a social-conflict perspective. Desegregation planners must recognize differences among ethnic groups: perceptions, expectations, feelings, and values, apart from racial, ethnic, and sexual stereotyping.

The more desegregation planners learn about conflict, its elements, underlying issues, implications, and possible mechanisms for amelioration, the better equipped they will be to plan effective desegregation programs, moving, then, toward integration.

Why were centers created?

Race desegregation assistance centers were created to provide technical assistance and training to school districts in developing and carrying out plans for compliance with both the letter and spirit of the Supreme Court decision of 1954 through the Civil Rights Act of 1964.

Centers give technical assistance in the planning, implementation, and evaluation of local school system projects supported under title IV of the Civil Rights Act of 1964, at the request of the school district.

Centers assist in developing desegregation plans for school districts.

Centers conduct needs assessments on desegregation related concerns for local school districts.

They assist in developing and implementing conflict resolution strategies, in developing multicultural curriculum materials, methods, and processes.

In providing in-service training programs for administrators, teachers, students, support personnel, parents, school board, and community groups on problems incident to school desegregation.

They also develop and disseminate information on desegregation related issues to eligible, interested, school districts, individuals, and public institutions.

Centers assist in developing solutions to general and specific desegregation problems.

And, finally, centers conduct workshops and conferences for clusters of school districts on similar topics related to desegregation issues.

Eligibility of school districts for services from the race desegregation assistance centers is based on the following criteria as defined in the Federal guidelines:

School districts ordered to desegregate; school districts in the process of desegregation; school districts recently desegregated; and school districts which have desegregated some time ago, but are still experiencing desegregation related problems.

Services of centers are delivered through conferences, in-service training programs and meetings with individual district officials based on their perceived needs and requests.

Services are also delivered by providing and implementing local and cluster school district workshops, by providing technical assistance and consultation services, and through dissemination of materials on desegregation through bibliographies and materials published by the centers on topics related to desegregation.

Centers have had an impact on communities in which they operate, and presently there are over 30-some centers; there are a minimum of 15 race desegregation assistance centers throughout the country.

Where the race desegregation assistance center has been invited into a district and has had the funds to provide services, the district has realized a reduction and/or prevention of tension, violence, and destruction of personal and public property.

Centers have assisted teachers and administrators and other school personnel as well as communities in developing curriculum and in developing programs to meet the needs of their respective communities.

Relative to the impact of the race desegregation assistance centers technical assistance and training client school district officials have stated:

The center provided services to further impact positive on the schools and their staffs—for example—in Philadelphia, in Pittsburgh schools, in

Newcastle County, Del., in Woodland Hills School District in Pennsylvania; and these are just local ones for which I can personally attest.

The present needs, then, and recommendations will follow:

The Appropriations Committee then should consider continued funding of training and advisory services as provided by race desegregation assistance centers and institutes.

Provide for the participation of suburban districts that are undergoing school racial problems because of demographic changes.

Should consider, then, multiyear spending for maximum effectiveness in the solving of the causes and the lessening of the impact of those obstacles which hinder full compliance by all school districts with the letter and spirit of the Civil Rights Act.

Thank you.

Senator RUDMAN. Thank you very much.

I wonder if you would just respond briefly to just one thought I have as I go through your testimony.

Is there such a center in the Commonwealth of Massachusetts?

Dr. DUFF. Yes.

Senator RUDMAN. Do you know where it is?

Dr. DUFF. There's the New England Center that services Massachusetts, Connecticut, New Hampshire, and all of the New England area; it is located in Connecticut. And at one time there was a suboffice in Massachusetts.

Senator RUDMAN. OK. Do they still have that?

Dr. DUFF. They may still have a satellite office; I'm not sure about that. But there was a satellite office.

STATEMENT OF BARBARA STEIN

Ms. STEIN. Good afternoon, and thanks for this opportunity.

I am here on behalf of the National Coalition for Women and Girls in Education, and I am accompanied here today by a colleague, our project director on equal education rights of the national organization.

The following names should be added to our testimony: The Association for Rights for Women, the National Council of Jewish Women, the National Education Association, and the Office of Women in Higher Education.

I am here today because women's organizations are very concerned about the future of the Women's Education Equity Act [WEEA] and title IV of the 1964 Civil Rights Act.

We are all concerned in this Nation about the current economic situation, and by now we are well aware that poverty is continually a problem for women. It has become almost a common term.

We find that at the bottom of the economic scale are women, and in particular are single mothers raising families and minority women.

For example, the median income for black women working full time was less than $9,000 a year.

I think that we recognize now that equities in terms of employment and education are no longer an interim aspect of social policy but an issue of survival for many women in this country.

And the only route out of this poverty and this cycle of poverty is top training and education, so that women can be working in jobs where they can be self-sufficient, and not looking for other ways to continue to function and live.

The first act in educational equity was passed as part of the 1972 Education Amendments; it is a law that bans discrimination, and it was important in federally funded education programs.

This was an important first step toward educational equity, but it was just a first step.

Congress realized this when it reauthorized WEEA in 1978. The Senate Committee on Labor and Human Resources reported at that time, the persistence of overtly discriminatory practices and confusion even among the well intentioned about what constitutes equality and how it is achieved reaffirms the crying need for more Federal assistance. Years of sexism within our schools is not going to dissolve immediately, and extra effort is needed to eradicate this problem.

While title IX brought significant progress, for which we are all grateful, much work has to be done before it is eradicated.

For example, the Project on Equal Education Rights of the NOW, in a study this February, found that most female vocational education students still take courses that lead to low-paying, dead-end jobs, the kinds of jobs that single women cannot raise a family on by themselves. They found that 70 percent of teachers are women, but only 18 percent of principals and assistant principals are women. I believe that's less than the percentage in the early 1900's.

And they found only 36 percent of high school athletes are females.

Minority women and girls who suffer double discrimination based on sex and race, and double discrimination in terms of their ability to support themselves economically. While about 87 percent of majority males and females complete high school, only 74 percent of black women now do, 60 percent of Puerto Rican women, 58 percent of all Mexican-American women.

The WEEA and title IV of the Civil Rights Act of 1964 were among a handful of education programs that Congress felt important enough to keep at the Federal level when the Education Consolidation and Improvement Act was passed last year.

These programs were maintained at that point because of the perceived importance of these programs to women's educational equity, and because Congress recognized that supporting equal rights for all is a basic Federal responsibility.

The Federal Government must continue to play an instrumental role in providing teachers and administrators and to increase access and improve opportunities for women and other minorities.

We therefore believe that there is no question that title IV of the Civil Rights Act and WEEA have to remain and need to remain key elements in this role.

When WEEA was enacted by Congress in 1974 to promote educational equity for females and males, and grants and contracts are awarded each year for the development, demonstration, and dissemination of model educational equity products and programs with the potential for national, regional, and statewide impact.

WEEA has the capacity to look at the entire educational system and its processes, and to address equity issues in many ways. Particularly at this time when the Government is looking at federalism and ways for States to undertake their own programs in terms of achieving equity, these modest programs become even more important.

And therefore we believe that the WEEA Act must continue to be funded.

We also urge the maintenance of title IV, which other people on the panel will address and which I will not therefore stress, as a critical element in obtaining equity for women and minorities in this country.

I would like to add to my testimony an addendum which was developed because of recent concerns that came up since the writing of our original testimony. And that has been a recent activity regarding the Women's Educational Equity Act within the Department of Education.

For example, soon after the publication of an inaccurate and inflammatory article in the Conservative Digest, the director of the program was removed from her office—removed from her office the day that the grants program was due.

Subsequently through her removal new readers were placed in the program for other readers, and the program presently is maintained in the midst of turmoil, at a time when it needs to be functioning thoroughly.

We are greatly concerned about what appears to be a deliberate attempt to destruct and undermine the program; and we urge your attention to that, also.

I would like to have inserted in our testimony the recent article by Judy Mann in the Washington Post concerning what has happened to that program in the last few weeks.

Senator RUDMAN. The entire testimony and all of your additions will be incorporated in the record.

STATEMENT OF MS. REEVE LOVE

Ms. LOVE. Thank you for giving me this opportunity to speak today.

I am Reeve Love, I'm the associate director, Sex Desegregation Training Institute located in the University of New Mexico in Albuquerque; and I formerly served on the staffs of race and national origin desegregation assistance centers.

In April 1981, when initial funding cuts were proposed for both title IV and WEEA, and it was also proposed to consolidate the moneys provided through these pieces of legislation with the State block grants, at that time and as a private citizen to President Reagan about this, with copies to New Mexico legislators. And I would like to quote an excerpt from that letter:

> * * * issues in educational equity originally became concerns, and subsequently funded programs of the Federal Government because state education agencies historically have been either remiss or recalcitrant in this area. It is tragic to realize that we require special legislation to protect, for specific groups of people, those basic freedoms stipulated by our Bill of Rights, yet this unfortunately has been the case.

Title IV and WEEA were not included in the State block grants and I think in large part because of the efforts of people throughout the country who communicated with public officials to express their deep concern. Later, Secretary Bell stated an intent to inform the Congress that the Department did not wish to avail itself of the appropriations then authorized under title IV and WEEA. Our institute sent a letter to Senator Schmitt and other State legislators at this juncture, and copies of these letters are attached to my testimony which you should have.

As is evident and as members of the subcommittee know, the fight for preservation of title IV and WEEA programs has been a long and arduous one, and it is a continuing one.

At this point I would like to reiterate some key concerns, and tell you somewhat of what title IV means to public officials in my own experience.

I am also in this testimony presenting thoughts and feelings as shared by people working for and with title IV programs, especially in region VI, which is the area in which I have worked.

As we all know, there are certain problems inherent in placing the protection of the civil rights of public school children entirely within the purview of State departments of education. Mr. Bell's argument is that since this activity is within the scope of those activities authorized by the block grant, although not mandated, there's no need for additional Federal money to be allocated specifically for this purpose.

However, the range of activities which may be implemented under the block grants is a broad one and the grants, themselves, are not that large.

And in light of past history I would not feel that we have reason to believe that issues of educational equity are major priorities of most State governments in this country.

And I would like to cite one specific example to clarify this:

In the court case, *United States* v. *Texas*, in January 1981 a motion to enforce was handed down by the Fifth Circuit Court of Appeals in Tyler, Tex., which stipulated that the Texas Education Agency was to be required to endorse section G of the court order dating from 1971.

This court order initially addressed issues of segregation of black and white children, but as a result of subsequent intervention on the part of LULAC and the G.I. Forum, it was extended to cover discrimination against Mexican-American children within public schools in Texas.

Specifically, the court found de jure discrimination under the 14th amendment against children of limited-English proficiency and violations of both sections 1703(b) and 1703(f) of the Equal Educational Opportunities Act of 1974.

The areas in which these violations were cited included student identification for placement in bilingual programs, exit criteria for these programs, substantive content in English language development programs—and this should mean that there was none—State monitoring efforts, enforcement of State regulations, recruitment and hiring of qualified teachers, and completeness of desegregation effort.

Clearly this is a case of a State department of education which has in essence hindered the attainment of educational equity within the State public school systems, rather than serving as a leader.

This is the reason why some of us feel turning this entire effort over to a State government is a little like asking the fox to guard the chicken coop.

I am told I have 1 minute.

I want to highlight a couple of things: The activities of our own institute have been involved in the past year working with school district personnel in New Mexico and west Texas. We are working with 20 school districts intensively in implementing district self-studies and in designing in-district activities based on the Jervis Model for constructive change.

Participants work within districts toward progress in equity, developing student and staff awareness, examining employment structure and opportunities, looking at curricular materials, career education programs, community information, and community need forums.

We are very proud of the work that our districts have done this year. We feel there's a tremendously strong impetus going now in New Mexico and west Texas. But we feel this impetus needs to be continued through the availability of additional resources for support.

Because of present cuts in funding, our institute will not be able to make any further assistance after this summer. So, already, we see some of the impetus will in fact be lost.

One more program I would like to mention is a title IV funded program within the Taos Municipal Schools. There's our institute, and also a national origins staff at the University of New Mexico, the race staff is out of San Antonio and the sex staff is out of Stephen F. Austin University, Nacogdoches, Tex.

Taos is a district which has always been very forward-looking in identifying sources of assistance that can be relevant to the needs of the children of the district. I think they have a concern and progress in some ways has come a little more rapidly than people would like; there's been tremendous social and economic changes in the last 30 years.

I think one of the concerns the district people have is being sure that the children are prepared for a life which will not be like the life which the people there have known for many generations in the past.

They have actively sought the assistance that was available to them, and they have consistently worked with all the title IV programs before this consortium was set up. But officially, in November 1981, representatives of the program met with the district superintendent—she is one of three district superintendents in the State of New Mexico, and we only have a few over 100 school districts—the entire process is outlined in the written testimony. Since I'm running out of time I'd better not delve into it.

It is an in-depth district needs assessment, a fair determination of the needs for their own children; and then seeing how specific activities can be coordinated to meet these needs so that the needs are met and also so that there is no overlapping or duplication of efforts and people not knowing what the other guy's doing and so forth.

I think that this effort has been successful to date because of the district's initiative in seeking appropriate assistance and the very high level of cooperation that has existed throughout the entire consortium. The district personnel are deeply concerned with what they perceive as the possibility of termination of funding; and they have written expressing their concern, which is attached to my testimony.

In conclusion I would like to say that I feel that these title IV programs epitomize the highest stages of desegregation in moving from simple physical desegregration, moving bodies, if you will, into equal access to courses, equitable treatment of students, infusion of curricular and programmatic structures essential to equity—and Taos could well be a role model for the Nation in this area.

I think they realize that equity and excellence are synonymous. I believe that the title IV programs have been instrumental in promoting this realization. And I urge you to continue your support of these programs.

Senator RUDMAN. Thank you very much.

STATEMENT OF SILVIA UNZUETA

Ms. UNZUETA. Mr. Chairman, I am Silvia Unzueta. I am a member of the board of the YMCA, and I am a member of the Spanish-American League Against Discrimination [SALAD], founded in 1974, to promote the educational, intellectual, economic, and social advancement of Cuban Americans and other Hispanics in South Florida.

It is now recognized as the major voice of the Cuban-American community in the United States. We chose SALAD as a name clearly to indicate we believe very much in the concept of the "salad bowl" versus the "melting pot."

I am going to simply highlight some of the points of my statement.

SALAD and YWCA of Miami recommend that you continue to provide vitally needed services under title IV and the women's educational equity program by appropriating adequate funding.

Selection of final readers—review the selection process for title IV and WEEA and certify that criteria for representation are maintained. The selection of readers for WEEA has caused much concern in my groups, SALAD and YWCA, and there is fear of potential alienation of the safeguards which have previously been built into the final selection process.

SALAD and the YWCA are outraged by the attack on Dr. Leslie Wolfe, the director of WEEA, published in the April, Conservative Digest.

The article, by an anonymous Education Department employee, unjustly maligns Dr. Wolfe and the integrity of the WEEA program.

Under her, WEEA has focused important resources on educational equity for Hispanic and other racial and ethnic minority women. We are particularly upset that the U.S. Department of Education has responded to the unjust and inaccurate article by simply detailing and removing Dr. Wolfe from the operation.

This relates to the centers: It is important to note that race, sex, and national origin desegregation assistance centers work only upon request of local educational agencies. No one is obliged to accept their services and there are no penalties for failure to utilize them.

Nevertheless, demands for such services are so extensive that they have exceeded in many instances the resources available to the centers. Specifically we would like to highlight the following for you:

We recommend expansion of funds made available for the continuing operations of the centers because of increased needs for their services, such as the greater need for coordination of State and local agencies in compliance efforts.

Second, because of cutbacks at local school levels throughout the country, there is an increasing reliance on the Federal sources for services needed by minority students, which the centers provide.

Third, increase funds specifically for south Florida where the population has increased by 10 percent during the last 18 months as a result of the influx of Cubans, Asians, and Nicaraguans.

LAU centers are needed now even more than before by Spanish minority students. LAU services will be needed even more than before and they can be utilized and understood by local school districts.

And while we are talking about this, it wasn't 20 years ago I was a minority student. Not too far back I was a refugee, I got off an airplane coming from the island of Cuba. And when you hear of minority students, I am it. I think this assistance was and is critical that we help raise citizens to be effective people. It is ultimately the best resource we have. Without help I don't know where we gc.

Senator RUDMAN. Thank you all very much for your testimony.

I would just comment briefly, we don't have time for questioning, but if any of the members do have questions I would like to ask you to respond for the record.

I would say first there have been references to various articles that have appeared in periodicals chastising members of the programs; and they all are very interesting. And I can understand your sensitivity to those things.

I would also tell you that any of us, certainly myself, don't pay too much attention to a great deal of what we read here and elsewhere.

Second, as you probably know there is currently a proposal which of course was only made yesterday that would freeze most of these programs at this year's level.

And my thought is there certainly is support for many of these programs at some level. And it seems to me that what we are really looking at in terms of concern is probably not so much this year as we are looking at the outyears.

I expect that there is considerable support for some of these programs more than others over the long term. But I think that the proposals that have been made for essentially immediate elimination of these programs will not be accepted by this subcommittee or probably by the Congress.

But over the long term I expect that many of these programs will have to find other sources of funding by the middle and latter part of this decade, as I look at the Federal deficit.

Thank you all very much.

Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF DR. J. JOHN HARRIS III

CENTER FOR URBAN & MULTICULTURAL EDUCATION
An Overview

The Indiana University School of Education has received funding under Title IV of the Civil Rights Act of 1964, since July 1, 1973. The initial funding was through the General Assistance Center (GAC) which served eligible school districts in Indiana. The Assistance Center program for race desegregation under Title IV was established to address the pressing issue of segregation and its implications for equal educational opportunity.

Prior to the 1960's, it was generally acknowledged that segregation in education was a problem largely confined to the southern and border states. These states also assumed responsibility for any remediating aimed at correcting or at least improving the condition of schooling. However, efforts to improve the schools attended by minority children were focused upon improving physical facilities rather than upon relieving racial isolation.

When it was finally recognized that segregation in education was not a "southern" problem but one that was national in scope, the situation became one of congressional as well as Constitutional concern. The ills of segregated education were in diametric opposition to the fundamental tenents of American democracy. Black and Hispanic children still attended predominantly minority schools in many urban areas. Minority group youngsters were suspended from school at twice the rate of their non-minority counterparts. Multicultural curricular resources were not keeping pace with the demand; role models were not evident in many schools; and faculty/staff, particularly in the urban schools, needed inservice training to meet the diverse educational needs of students in multicultural school settings. These problems and needs formed the backdrop from which the mission of the Center was viewed. This provided much of the rationale for the Title IV mission.

More recently, in fiscal 1978-79, the service area was expanded to include the state of Illinois. The name of the GAC was changed to the Illinois/Indiana Race Desegregation Assistance Center (IIRDAC). In fiscal 1979-80, the Center of Urban and Multicultural Education (CUME) was formed. CUME was designed as an administrative unit under the aegis of the School of Education, charged with the responsibility of operating externally funded programs that provided technical assistance and training to school districts that were experiencing school desegregation. But still, much of the focus of the Center's activities was in Marion

County, Indiana where seven school corporations were involved in implementing a court ordered desegregation plan. During this fiscal year, the Center was awarded monies to provide technical assistance and training to school corporations within the Marion County parameters, selected under the project entitled the Race Desegregation Training Institute (RDTI). The implementation of the plan is in its first year and although it has gone somewhat smoothly, it is evident that technical assistance will be needed for the foreseeable future. The Center is continuously involved with the districts in the meaningful conduct of needs assessment, planning, designing and implementing inservice education programs for school district personnel.

The following chart depicts the number and category of school districts personnel that have been participants in Race Desegregation Assistance Center sponsored programs during the last extended fiscal year.

Participants in IIRDAC Activities

Target Groups Trained	July-December, 1980	January-September, 1981	TOTAL
Administrators	432	729	1,161
Counselors	198	248	446
Teachers	1,651	1,725	3,376
Students	228	114	342
School Board Members	22	23	45
Parents	83	360	443
Community	85	130	215
Support Staff	-	1,293	1,293
TOTALS	2,699	4,622	7,321

Concurrently, the Race Desegregation Training Institute (RDTI), prior to fiscal 1981-82, worked exclusively with the Indianapolis Public Schools in training building level teams to become "trainers of trainers". Each team consisted of five(5) persons, i.e., administrators, teachers, and/or support staff. In fiscal 1981-82, the RDTI began working with all the school corporations in Marion County, that were involved in the court order. The following chart depicts the number of training teams involved in the Institute program for fiscal 1980-81, and 1981-82.

Participants in RDTI Activities
from July 1, 1980 through June 30, 1982

School Corporation	Number of Training Teams 1980-81	Number of Training Teams 1981-82
IPS	17	5
MSD Lawrence	0	12
MSD Warren	0	9
MSD Franklin	0	5
MSD Perry	0	14
MSD Decatur	0	5
MSD Wayne	0	15
TOTAL	17	65

The charts reflect the growing needs of the schools in Marion County, and indeed in the States of Indiana and Illinois for continued support by Indiana University via the Center for Urban and Multicultural Education. As the schools strive to cope with the challenge of education in a multicultural society, they will need increasing support in the form of both fiscal and human resources, despite funding from Title IV. (See Attachment A)

Since the inception of this funding in 1973, Indiana University has received $5,507,265.00 for technical assistance and training. At this point in time, the School 's efforts relative to this Center, is being reconceptualized in light of its continuing effort to provide the highest quality educational assistance. The rapidly evolving (although still in its embryonic stage) mission. is now one that is inclusive of research and development as *a priori* importance. More specifically, we are attempting to:

1. Generate new knowledge,
2. Narrow the gap between theory and reality,
3. Evaluate various training and development models, and
4. Serve as a national clearinghouse for Urban and Multicultural Education.

This goal, although rather ambitious, is one that is realistically attainable. We at Indiana University, consider ourselves to be on the "cutting-edge" of not only technical assistance and training; but also, in knowledge production, in quest of the highest quality and most viable educational programs in the nation.

Attachment-A

FUNDING OF CUME

Account Number	Program	Amount	Year
49-963-66	RDTI	$ 84,667	7/1/81 - 6/30/82
49-963-67	RDAC	379,070	7/1/81 - 6/30/82
49-963-57 49-963-60	RDAC	524,956	7/1/80 - 6/30/81
49-963-58 49-963-62	SDAC	461,879	7/1/80 - 6/30/81
49-963-59 49-963-62	RDTI	339,726	8/1/80 - 7/31/81
49-963-49	RDTI	389,107	7/1/79 - 7/31/80
49-963-50	SDTI	224,172	7/1/79 - 7/31/80
49-963-51	RDAC	518,321	7/1/79 - 6/30/80
49-963-52	SDAC	367.652	7/1/79 - 6/30/80
49-963-53	PEASD	194.141	10/1/79 - 9/30/80
49-963-40	RDTI	323,848	7/1/78 - 6/30/79
49-963-41	SDAC	282,507	7/1/78 - 6/30/79
49-963-42	SDTI	182,645	7/1/78 - 6/30/79
49-963-43	RDAC	323,848	7/1/78 - 6/30/79
49-963-29	GAC	251,021	7/1/77 - 6/30/78
49-963-30	TIFR/S	289,031	7/1/77 - 6/30/78
49-963-17	GAC	199,999	7/1/76 - 6/30/77
49-963-12	GAC	170,675	7/1/75 - 6/30/76

PROGRAMS: RDTI = Race Desegregation Training Institution
RDAC = Race Desegregation Assistance Center
SDAC = Sex Desegregation Assistance Center
SDTI = Sex Desegregation Training Institute
PEASD = Project For The Equitable Administration of Student Discipline
TIFR/S = Training Institute For Race & Sex - 404 Desegregation Institute
G A C = General Assistance Center

STATEMENT OF DR. OGLE B. DUFF

RECOMMENDATIONS TO THE APPROPRIATIONS SUBCOMMITTEE

1. The Appropriations Subcommittee should consider continued funding of training and advisory services as provided by Race Desegregation Assistance Centers.

2. The Committee should consider providing for the participation of suburban districts that are undergoing school racial problems because of demographic changes.
3. The Committee should consider providing funds for the orientation of students who must undergo change from a one-race school system to a diverse system.
4. The Committee should consider providing new teachers intensive in-service training in intergroup relations.
5. The Committee should consider authorizing stipends for teachers to enable districts to obtain maximum teacher participation in desegregated-related training programs in attitudes, communication, classroom management, and curriculum development.
6. The Committee should consider multi-year funding for maximum effectiveness in the solving of the causes and the lessening of the impact of those obstacles which hinder full compliance by all school districts with the letter and the spirit of the Civil Rights Act.

TITLE IV TRAINING AND ADVISORY SERVICES

Thousands of school children have moved from segregated to desegregated schools, and the process is continuing. As the number of students in transition increases, however, tensions rise in both school and community. To reverse the trend of racial isolation, education must be committed to providing high-quality learning experiences for all students. This is an urgent priority for American society in general and for educational institutions in particular. If our schools are to be effectively desegregated, we must approach conflict among blacks, whites, and other ethnic groups realistically. Desegregation can be approached from a social-conflict perspective. Desegregation planners must recognize differences among ethnic groups: perceptions, expectations, feelings, and values, apart from racial, ethnic, and sexual stereotyping. The more desegregation planners learn about conflict -- its element, underlying issues, implications, and possible mechanisms for amelioration -- the better equipped they will be to plan effective desegregation programs.

1. Why were Centers created?

   Race Desegregation Assistance Centers were created to provide technical assistance to school districts in developing and carrying out plans for compliance with both the letter and the spirit of the Supreme Court decision of 1954 through the Civil Rights Act of 1964.

2. What do Centers do?

   a) Centers give technical assistance in the planning, implementing, and evaluating of local school system projects supported under Title IV of the Civil Rights Act of 1964 at the request of the school district.

   b) Centers assist in developing desegregation plans for school districts.

   c) Centers conduct needs assessments on desegregation related concerns for local school districts.

   d) Centers assist in developing and implementing conflict resolution strategies.

   e) Centers assist in developing multi-cultural curriculum materials, methods, and processes.

   f) Centers conduct in-service training programs for administrators, teachers, students, support personnel, parents, school board, and community groups on problems incident to school desegregation.

   g) Centers develop and disseminate information on desegregation-related issues to interested school districts, individuals, and public institutions.

   h) Centers conduct local surveys and studies to pinpoint desegregation problems.

   i) Centers assist in developing solutions to general and to specific desegregation problems.

   j) Centers give assistance to school districts in preparing proposals under Title IV of the Civil Rights Act of 1964.

   k) Centers conduct workshops/conferences for clusters of school districts.

3. Who is served?

   Eligiblity of school districts for services from the Race Desegregation Assistance Centers is based on the following criteria as defined in the federal guidelines: school districts ordered to desegregate; schools districts in the process of desegregation; school districts recently desegregated; and school districts which have desegregated sometime ago but are still experiencing desegregation-related problems.

4. How are services delivered?

   a) Services are delivered through conferences and meetings with individual district officials based on their perceived needs and requests.

   b) Services are delivered through planning and implementing in-service training programs for specific role groups within a school district.

c) Services are delivered through planning and implementing local and cluster school district workshops based on current and projected desegregation-related needs as identified by the target population.

d) Services are provided through technical assistance and consultation services.

e) Services are provided through dissemination of materials on desegregation and through bibliographies and materials published by the Center on topics related to desegregation.

5. What has been the impact?

a) Where the Race Desegregation Assistance Center has been invited into a district and has had the funds to provide services, the district has realized a reduction and/or prevention of tension, violence, and the destruction of personal and public property.

b) Centers have facilitated positive communication among the various and disparate role groups within a school community.

c) Centers have assisted school personnel in increasing their awareness and understanding of cultures other than their own.

d) Centers have assisted teachers and administrators in developing multicultural curriculum.

e) Centers have assisted students and teachers and classroom aides in raising their consciousness level regarding problems incident to classroom discipline, learning styles, teaching styles, conflict resolution, non-verbal communication, and verbal communication.

f) When the Center has been involved in the preparation of district personnel for school desegregation, the implementation has progressed smoothly and virtually without violent incidents, e.g., New Castle County, DE; Woodland Hills, PA; the Pittsburgh Public Schools; the School District of Philadelphia.

g) Relative to the impact of the Race Desegregation Assistance Centers technical assistance and training client school district officials have stated:

> "The Center provided services to further impact positively on the schools and their staffs in Philadelphia. . . . The secondary schools' workshop models supported and complemented the School District's own school improvement program, "Mission Excellence" and is further testimony to the high level of professional and technical assistance provided by the Center. I must also mention the Center's excellent regional conferences which have brought together educators from an expanded and diversified area in a stimulating learning environment. These conferences have brought additional knowledge and resources on

educational issues and school desegregation for the School District's policy makers and administrative personnel."

Dr. Michael P. Marcase
Superintendent of Schools
School District of Philadelphia

"Members of your staff and the resource people that you brought to us provided concrete evidence that success was possible. Both our city and school system have reaped the benefit, many times, of the time spent by members of your staff and your resource people in preparing us for the task that we faced."

Mr. Daniel McGinley
President
Philadelphia Association
  of School Administrators

"The Race Desegregation Assistance Center has been extremely effective in dealing with the various problems, topics and concerns of the school administrators, supervisors, teachers, paraprofessionals, and community persons of the Pittsburgh School District for more than 10 years. . . . I strongly feel that the successful desegregation efforts that have been instituted by the Pittsburgh Public Schools were the results of the close working relationship of the Race Desegregation Assistance Center with our school district. . . . expert consultants were provided for our school board and central office administration in-service sessions."

Dr. Curtis Walker
Deputy Superintendent
Pittsburgh Public Schools

6. What are the present needs?
   a) A need exists for funds for the maintenance and the stabilization of current desegregation plans in districts that are undergoing desegregation.
   b) A need exists for funds for districts preparing to undergo desegregation.
   c) A need exists for a resource center (Race Desegregation Assistance Center) to continue to provide the expertise in areas of multicultural education as it relates to school desegregation.
   d) A need exists for funds and resources to assist districts which are not undergoing desegregation but which are experiencing racial problems because of the impact of increasing minorities moving into the district.
7. Why should funding be continued?
   a) Funding should be continued in the school districts of Pennsylvania and in the school districts of all states which are still experiencing educational problems that have arisen from the implementation of desegregation plans.
   b) School districts still need assistance in encouraging student, parent, and community support for involvement in the desegregation process.
   c) Schools still need assistance in developing procedures that will prevent discrimination on the basis of race in public school employment practices such as hiring, promotion, transfers, termination, and payment.

d) Schools need assistance in developing methods and processes for overcoming racial isolation, i.e., suburban schools.

e) Schools need assistance in developing procedures that prevent student assignments on the basis of race.

f) Schools need assistance in developing classroom management procedures that do not discriminate on the basis of race.

g) Schools need assistance in developing methods of encouraging the participation of students of all races in school activities.

h) Schools need assistance in developing human relations activities that are designed to facilitate racial harmony in public schools and in the community.

i) Schools need assistance in developing methods of preventing and/or resolving conflict that arises from school desegregation.

Statement of Barbara Stein

Mr. Chairman and members of the subcommittee, I represent the National Coalition for Women and Girls in Education, a federation of approximately 50 non-governmental organizations working to strengthen federal policies and practices which promote educational equity.

I am here today because the Coalition believes that the Women's Educational Equity Act and Title IV of the 1964 Civil Rights Act are critical to fostering educational equality for women and girls in schools and colleges.

There is great concern about the economic condition of the country. Women are especially affected by the declining state of the economy. By now everyone is aware of the poverty statistics that put women -- especially single parents and minority women -- at the bottom of the economic scale. Half of all poor families are headed by a woman alone, for example, and the median income for black women working full time is less than $9,000.

Getting appropriate job training and schooling is an established route out of poverty. Ten years ago, Congress recognized that the American educational system had a pattern and practice of discrimination against women that denied them opportunities in school and limited their potential in the workforce. Title IX of of the Education Amendments of 1972, the law which bans discrimination against women in federally funded schools and colleges, was put into place to remedy that.

That was an important step towards educational equity -- but it was just a first step. Congress realized this when it reauthorized WEEA in 1978. The Senate Committee on Labor and Human Resources reported that "the persistence of overtly discriminatory practices and confusion even among the well intentioned about what constitutes equality and how it is achieved reaffirms the crying need for more Federal assistance...."

While Title IX has brought significant progress, much work remains to be done. For example, the Project on Equal Education Rights of the NOW Legal Defense and Education Fund (PEER) concluded a study this February of state and national progress in three areas of education: vocational education, educational administration and high school athletics. The findings present a dismal picture of the status of women and girls in these areas:

- Most female vocational education students still take courses that lead to low paying, dead-end jobs. Only 14 percent of the students enrolled in the higher paying, traditionally male vocational programs (agriculture, trades and industry and technical) are girls.
- Although nearly 70 percent of teachers are women, only 18 percent of principals and assistant principals are women.
- Only 36 percent of high school athletes are girls.

For minority girls and women, who suffer double discrimination based on sex and race, the situation is worse. While about 87 percent of majority males and females complete high school, only 74 percent of the Black women, 60 percent of the Puerto Rican women and 58 percent of all Mexican American and American Indian women receive a high school diploma -- the minimal credential nowadays for any real job success and ultimate economic stability.

WEEA and Title IV of the Civil Rights Act were among a handful of education programs that Congress felt were important enough to keep at the federal level when the Education Consolidation and Improvement Act was passed last year. These programs were maintained because members of Congress and their constituencies perceived the importance of these programs to women's educational equity and because Congress realized that supporting equal rights for all is a basic and undeniable federal responsibility.

The federal government must play an instrumental role in providing assistance to school administrators and teachers who seek to increase access and improve opportunities for women and other minorities. There is no question that Title IV of the Civil Rights Act and WEEA have been and need to remain key elements in this role.

WEEA was enacted by Congress in 1974 to promote educational equity for females and males. Grants and contracts are awarded each year for the development, demonstration and dissemination of model educational equity products and programs with the potential for national, regional or statewide impact. Projects can focus on all levels of education and all disciplines within education. The products are distributed at cost; so that even a school district far removed from a particular WEEA project benefits.

WEEA has the capacity to look at the entire educational system and its processes and to address equity issues in many ways. In addition to funding projects that promote voluntary compliance with Title IX, some WEEA projects focus on fostering an awareness of sex equity needs among educational leaders, while others tackle deep-rooted barriers that keep even the well-intentioned from running equitable education programs.

A major focus of WEEA is on breaking down the barriers facing racial and ethnic minority women and disabled women. WEEA is the only federal education program that specifically reserves funds for programs addressing the special needs of disabled and racial and ethnic minority women -- groups that bear a disproportionate share of poverty and unemployment. In 1982, 55 percent of WEEA funds were targeted on those groups.

Several years of WEEA funding have produced many exemplary products. Yet gaps still exist in each discipline and at all levels of education. School personnel in increasing numbers each year look to the WEEA program to provide them with the tools they need to implement equity programs.

Title IV of the 1964 Civil Rights Act is another key federal program that assists school personnel with the elimination of sex discrimination. Title IV is essential to state and local implementation of Title IX and other civil rights laws. The original purpose of Title IV was to assist racially segregated school districts with specialized training and advice to accomplish desegregation. During the 1970s the program was expanded to offer specialized assistance in ending sex and national origin discrimination as well.

Title IV funds are carefully targeted and provide a wide variety of assistance with a small investment of federal dollars. The program offers educators and administrators the expert help they want and need to make necessary changes in discriminatory educational policies and practices. With the elimination of the Emergency School Aid Act, and decreases in appropriations in other key programs such as WEEA and bilingual education, there is a special need for the highly specialized technical assistance that Title IV can provide.

The program is particularly important now when the administration is emphasizing cooperation between federal and state governments in civil rights enforcement. If states and local school districts are going to take on more responsibility for meeting federal civil rights mandates, their need for technical help will increase.

The Title IV program has regional assistance centers that serve several states. This guarantees that every school district has a place to go for help in complying with civil rights laws -- even if a particular state does not choose to or cannot provide that aid.

The Department of Education argues that Title IV and WEEA can be supported by state block grant money, if the states choose to do so. Laying aside the fact that these activities are too important to be left to chance, it has not been established that the WEEA program can be supported through the block grant.

Given the reduced education funds available to the states it seems unlikely that they will choose to spend money on sex equity. The recent history of state and local funding of education programs indicates that most jurisdictions do not use discretionary funds to reduce sex discrimination. For example, the Vocational Education Act Amendments of 1976 allows states to use federal funds for programs to overcome sex bias and stereotyping in vocational programs and to encourage women's enrollment in nontraditional job training -- a major purpose of the Act. However, a review of states' annual accountability reports shows that two-thirds chose not to spend any money at all on this objective.

Even if states wanted to develop the resources, it would be wasteful for them to do so. What purpose, for example, would be served if ten states each funded a project designed to address sex discrimination in guidance and counseling? One project, funded under the auspices of the WEEA Program and having the capacity for replication and dissemination, could accomplish the same objectives -- at one-tenth of the cost -- and serve a population that extends far beyond the local community.

Finally, individual states do not have the resources for this kind of materials development nor do they possess the mechanism for national dissemination of projects and programs.

We urge the subcommittee to think very carefully when deciding on funding for the Women's Educational Equity Act and Title IV of the 1964 Civil Rights Act. Already, both programs have suffered severe cuts -- WEEA has been cut 40 percent and Title IV nearly 50 percent since 1980. Any further cuts could seriously dilute the impact that these programs could bring to bear on the educational system.

At 1982 levels -- $5.8 million -- WEEA can continue its commitments to existing projects and fund a very small number of new grants. We recommend that WEEA be funded at $6 million, the authorized funding limit, in 1983. The Title IV program is authorized at $37 million. Since current funding of $24 million means that the Title IV program will have to eliminate whole categories of grants, we recommend that this subcommittee seriously consider a larger appropriation for Title IV in 1983.

The federal government cannot and should not ignore its responsibility for insuring equal education for all Americans. These programs -- small but with immense impact -- are important and irreplaceable tools in carrying out that responsibility.

STATEMENT OF SILVIA M. UNZUETA

Mr. Chairman, Members of the Committee: My name is Silvia M. Unzueta. I am a member of the Board of the Spanish-American League Against Discrimination (SALAD) and the Chairperson of its Committee on Refugees. SALAD was founded in 1974 with the purpose of promoting the education, intellectual, economic and social advancement of Cuban/American and other Hispanics in South Florida. It is the major recognized voice of the Cuban-American community in the United States. I am also President of the Miami Young Womens Christian Association which has its one Imperative, the elimination of racism wherever it exists, and by any means necessary.

On behalf of The Spanish American League Against Discrimination and The Young Women's Christian Association of Greater Miami, I would like to thank you for the opportunity to testify in support of full funding for Title IV Funded Training and Technical Assistance Programs, and for the Women's Educational Equity Act.

PROGRAM DESCRIPTION

Services currently funded under these two Programs include:

1. Centers: Technical Assistance Centers for race, sex and national origin.
2. Training Institutes for Race and Sex Discrimination Assistance.
3. Grants to State Education Agencies for race, sex and national origin.
4. Assistance to School Districts.
5. Direct funding to School Districts for race, sex and national origin equity concerns.

SALAD supports continuation and adequate levels of funding for this entire range of programs. The examples I present in my testimony will rely heavily on our experience with national origin desegregation and other centers because we have worked mostly with these groups. Nevertheless, it bears reiteration, both organizationally and personally, the value of the set of mechanisms is appreciated and supported.

National Origin Desegregation Assistance Centers (NODACS) provide assistance to local school districts in the following areas:

1. Identification and assessment of students whose dominant language is not English.
2. Development of instructional programs for national origin minority students.
3. Encouragement of student, parent, and community support for the national origin desegregation process.
4. Minority recruitment for public schools.
5. Prevention of discrimination in public school personnel practices.
6. Compliance with State and Federal Regulations.
7. Preparation and dissemination of materials for students and parents in their dominant languages.
8. Development of appropriate testing procedures.
9. Resource identification.
10. Development of quality educational programs.

It is important to note that race, sex and national origin desegregation assistance centers work only upon request of local educational agencies. No one is obliged to accept their services and there are no penalties for failure to utilize them. Nevertheless, demands for such services are so extensive that they have exceeded in many instances the resources made available to these centers. These services are in high demand because of the wealth of experience and expertise possessed by center staff members, their acknowledged leadership in their respective professional organizations, their close working relationships with community and professional organizations, and their adaptability and flexibility in meeting the specific needs of each local school district client.

NEED FOR PROGRAM CONTINUATION

The set of programs supported by Title IV of the Civil Rights Act and by the Women's Educational Equity Program offers the one remaining source of assistance and training in equity issues for teachers, administrators, board members, and students. Congress has already recognized the pressing need for a continuation of expert assistance related to equity and education. For this reason, Title IV Programs were not included into State block grants. The intent of Congress would obviously be thwarted if funds were not made available for continuation of these vital and unique resources which provide technical assistance, staff development, materials development, and related services designed to help local school administrators provide quality integrated education for all students. The information network capabilities of the centers alone warrant continuation and extension of these Programs.

The Administration has reiterated its commitment to protection of the Civil Rights of women and minorities. It has been challenged many times for simply paying lip service to these goals while at the same time dismantling those programs which have served to eliminate past inequities. In a time of drastic policy changes in the government's approach to civil right issues, it is imperative that services designed to interprete those policies changes in a form which can be utilized and understood by local school systems and their patrons not be eliminated. Not only will the credibility of the administration be at stake, but also the whole process of orderly compliance with legal mandates and with pedagogical precepts.

Events outside of the control of local school administrators, but which critically impact on the operation of school systems, also call out for continuation of the services provided by the programs under consideration. For example, in Dade County, Florida; Philadelphia, Pennsylvania; and in serveral districts in the Washington D.C. Metropoitan area, serious budget cutbacks at the local school levels coincide with increased number of language minority students, many of them recently arrived refugees and immigrants. There has therefore been an increasing reliance on regular classroom teachers for the delivery of services to language minority students. In Dade County, for example, the number of teachers providing instruction in bilingual curriculum content has grown from 28 last year to 142 this year. In addition, 89 teachers will be providing instruction in Spanish for Spanish speakers and a roughly equivalent number will be teaching Spanish to English language origin students, in accord with the vehemently expressed wishes of the various parent groups involved. In Philadelphia, the impact of budget cuts on the bilingual programs was expected to result in a loss of over 50% of the teachers formerly serving language minority students. In both of these districts, representative of many throughout the country, regular classroom teachers will be asked to assume instructional duties for non-English speaking students. In all these cases, intensive methodological training will be required to enable the instructional personnel to carry out their new duties, at the same time that administrative structures and community support mechanisms must also be developed to support the new instructional programs. Without the expert assistance available through NODACS and related programs, these tasks cannot be successfully undertaken, particularly since local resources are ever diminishing. Cost effective information sharing and resource identification is required if these goals are to be accomplished and the American dream to be reenacted. Title IV funded services offer the assurance that this possibility can be realized.

In the face of the heated (and often misinformed) commentaries and contraversies surrounding programs offered to language minority students, evaluation and data collection systems are desperatedly needed which would permit districts to compare the benefits of various treatments on the eventual academic accomplishments of target students. Similarly, training for programs administrators leading to institutionalization and greater effectivenss in program information efforts is a crucial need. These areas of need point to more than a continuing rationale for services already in place, they point to a need for increased allocations to meet and solve ever-growing dimensions and extensions of the problems faces by local school districts. In Wilmington, Delaware, for example, implementation of a court ordered race desegregation plan and a bilingual education component has been delayed several times because of changes in district boundaries mandated by the State

Legislature. As a consequence, language minority students were dispersed to areas with no previous experience in meeting the needs of this group of students.

Again, we have another example of the need for intensive training at both instructional and managerial levels, in order to appropriately serve the target group. It is instructive to note that Wilmington is one of the many areas in the country, where race and national origin desegregation assistance centers have worked in close cooperation with each other to offer the full gamut of services required by their school district clients.

Finally, expansion (not just continuation) of services is required because of the increased need for regional coordination with State education agency directors and boards in view of the larger role which State Department of Education would assume in LAU compliance efforts direction mandated by Secretary Bell in recent months. Outreach efforts to policy makers at every level must be based on the influence of the expertise and experience which resides in staff members working in the programs under review today. It is unconscionable to assign responsibilities to State and local school administrators wihtout providing them with the resources needed to properly execute those duties. Local options must be informed by access to information which is relevant to the language and culture of the children to be served and to the realities of the local education agency. The ability of the Title IV funded centers to deliver these services has been demonstrated time and time again, and can be appreciated most fully when we once again recall that center services are provided only upon the request of the local school administrators.

RECOMMENDATIONS:

1. Continue to provide the vitally needed services of Title IV and Women's Equity Program by appropriating adequate levels of funding.

2. Respond to increased need for program services in recognition of the impact of international migration patterns, local economic dislocations, and changing sets of State and Federal requirements by increasing the resources allocated to these programs to the level of $80,000,000.

3. Specify in the appropriation measure that at least 50% of the total for Title IV and Technical Assistance will be set aside for the continued operation of race, sex and national origin desegregation assistance centers.

4. Review the panel selection process as it applies to both Title IV and Women's Educational Equity Program.

   Insure that the criteria for representativeness, relevant expertise, and input by affected client groups, already incorporated into the administrator's manual, are maintained. The new method of selection for program readers has casued much concern among client groups such as The Spanish American League Against Discrimination because of its potential elimination of the safeguards which have been previuosly built into the panel selection process. This Committee will have accomplished nothing of worth if it appropriates funds which never have impact on the intended beneficiaries of the program because of inadequacies in the initial selection of agencies to be funded.

5. Fund State education agencies for information dissemination activities only, except when State commitment to desegregation assistance is high, as recommended on page 28 of RAND Report R-1901/1-HGW, August 1976. Define "high commitment" by reference of one of the following criteria:

   1. The State Education Agency (SEA) has responsibilities in relation to State legislation, or State Board of Education Regulations, , which support the LAU decision such as as the Transitional Bilingual Education Act passed by the State of Massachussetts.

   2. The SEA has responsibilities in relation to teachers certification requirements for bilingual education or English as a second language teachers.

   3. The SEA has responsibilities in relation to text book adoptions specifically for bilingual education and English as a second language program.

4. The SEA can demonstrate its commitment to National Origin and other types of desegregation by providing evidence of employment of minority persons, commensurate with the presence within the State in both professional and clerical positions.

6. Expand the resource identification role of Title IV funded agencies to include technical assistance in the preparation of applications for financial assistance from State, Federal and other sources, insofar as priorities and resources permit. This revision will permit perparation of training sessions where information on funding sources is disseminated along with information regarding changes in compliance policies. Furthermore, these efforts, if successful, could lead to the initial employment of members of minority groups, whose abilities may otherwise be underutilize

7. Expand the scope and range of services available by expressly authorizing State education agencies, community based organizations, and professional associationsto be eligible applicants for center services in addition to the presently authorized set of clients-local education agencies.

8. This Committee should investigate disruptions in the Women's Educational Equity Act Program.

SALAD AND THE YWCA are outraged at the attack on Dr. Leslie Wolfe, Director of WEEA, published in the April Conservative Digest. The article, by an anonymous Education Department employee, unjustly maligns Dr. Wolfe and the integrity of the WEEA Program. Under Dr. Wolfe's direction, WEEA has focused important resources on educational equity for Hispanic and other racial and ethnic minority women. We are especially upset that the US Dept of Education has responded to this unjust and inaccurate article by removing Dr. Wolfe of WEEA. This is particularly disruptive to the Program, because it comes at a critical time in the FY 82 funding process. We are afraid that the integrity of the WEEA Program has been seriously undermined by this action and suggest that this Committee investigates such action.

STATEMENT OF MS. REEVE LOVE

My background for presenting this testimony consists of six years with Title IV CRA programs. Five of these years were spent on the staffs of both race and national origin desegregation assistance centers, based in Texas and also serving, in the case of the NODAC, Louisiana and Arkansas, and, in the case of one RDAC, New Mexico. Presently, I am associate director of a sex desegregation training institute located at the University of New Mexico in Albuquerque and serving school districts in New Mexico and west Texas. Title IV has thus been an important part of my professional life, and I believe that it has been important to the lives of many children as well.

In April, 1981, when initial funding cuts were proposed for both Title IV and the Women's Educational Equity Act, and it was additionally proposed to consolidate the monies provided through these pieces of legislation within the state block grants, I wrote a letter to President Reagan, with copies to all New Mexico legislators, expressing my opinion as a private citizen on this matter. I would like to quote two excerpts from that letter:

> ...Title IV CRA and WEEA are the only existing pieces of legislation which specifically mandate race/national origin/sex equity in public school education, and, as such, are sorely if regrettably needed.
>
> ...issues of educational equity originally became concerns, and subsequently funded programs, of the Federal Government because state education agencies historically have been either remiss or recalcitrant in this area. It is tragic to realize that we require special legislation to protect, for specific groups of people, those basic freedoms stipulated by our Bill of Rights, yet this, unfortunately, has been the case.

Neither Title IV nor WEFA was subsumed under the state block grants, in large part because of the efforts of people throughout the country who communicated with public officials to express their deep concern. Later in 1981, however, Secretary Bell stated an intent to inform the Senate Appropriations Subcommittee on Labor, Health, Education and Welfare that the Department did not wish to avail itself of the appropriations then authorized under Title IV and WEEA. Our institute thereupon sent a letter to Senator Schmitt and to other state legislators outlining its position on this matter. Finally, early in 1982, we received word that the administration would recommend programs funded under Title IV and WEEA for elimination upon the expiration of the continuing resolution for FY 1982. As is evident from this sequence of events and correspondence, and as members of this subcommittee well know, the fight for preservation of Title IV and WEEA programs has been a long and arduous one, and one whose outcome has not yet been decided. At this point, I can only reiterate some key concerns, and tell you something of what Title IV has meant to public school children within my own experience. I know that most of my thoughts and feelings are shared by my colleagues working for and with Title IV programs, especially those in Region VI.

As we all know, there are certain problems inherent in placing the protection of the civil rights of public school children entirely within the purview of state departments of education. Mr. Bell has argued that since this activity is within the scope of those activities authorized by the block grants, there is no need for additional Federal monies to be allocated specifically for this purpose. However, the range of activities which conceivably can be implemented under these grants is a very broad one, while the grants themselves are not large. Further, in light of past history, we have no reason to believe that issues of educational equity have been, are, or will be, a major priority of most state governments in this country. One specific example may serve to make this painfully clear. In the court case U.S. v. Texas, a motion to enforce was handed down by the Fifth Circuit Court of Appeals in Tyler, Texas in January, 1981, stipulating that the Texas Education Agency be required to enforce Section G of a court order dating from 1971, which initially addressed issues of segregation of Black and white children, and, as a result of subsequent intervention on the part of LULAC and the G.I. Forum, was extended to cover discrimination against Mexican American children within public school systems in Texas. Specifically, the court found de jure discrimination under the Fourteenth Amendment against children of limited English proficiency and violations of both Section 1703(b) and 1703(f) of the Equal Educational Opportunities Act of 1974. Areas in which these violations were cited included student identification for placement in bilingual programs, exit criteria for these programs, substantive content in English language development programs, state monitoring efforts, enforcement of state regulations, recruitment and hiring of qualified teachers, and completeness of desegregation effort. Obviously, this is a case of a state department of education which has in effect hindered the attainment of educational equity within the state's public school systems, rather than serving as a leader in this effort.

To turn to a more positive topic, I would like to highlight some of the activities of our own institute over the past year, in its work with school district personnel throughout New Mexico and west Texas. We have had as institute participants teachers, administrators, counselors, and other school staff from 20 school districts, 15 of which had worked with the institute before when it was funded from 1979-1980. These people have received training from nationally known consultants in the area of sex equity; they also have worked intensively with us in implementing district self-studies and in designing in-district activities based on the Jervis Model for constructive change (see Attachment C). Specifically, our institute participants have worked within their districts to assess overall district progress toward the provision of equal educational opportunity for all students, realizing that sex equity and racial equity are inextricably related and that sex bias hurts men as profoundly as it does women; to develop student and staff awareness of sex equity issues through inservice workshops and, in one instance, through the use of creative drama; to examine employment structure and opportunities within the district; to identify sources and extent of sex bias within district-adopted curricular materials, and to develop specific instructional strategies to counteract this bias; to develop career education programs regarding both the applications of computer technology and the computer identification of jobs embodying occupational characteristics the student considers desirable; to provide equal athletic opportunities and facilities; to disseminate information to various community groups in order to promote community awareness of sex equity issues; and to organize and implement community youth forums on issues both of equity and of educational improvement. The participants have been enthusiastic, their ideas creative, and the results of their efforts encouraging. A strong impetus has been developed within the service area, but this impetus needs to be continued through the availability of additional resources and support, such as the Title IV programs have been able to provide.

Further, since October, 1981, a unique pilot program for total equity, involving all the Title IV-funded programs which serve New Mexico, has been implemented within the Taos Municipal Schools. In October, a meeting was held in Washington which included the IDRA Center for Equity in Education (IDRA CE), San Antonio, Texas (the RDAC serving the area), the Cultural Awareness/Bilingual Assistance Center (CABAC), University of New Mexico, Albuquerque, New Mexico (the NODAC), the Technical Assistance Center of the Southwest, Stephen F. Austin University, Nacogdoches, Texas (the SDAC), and the Sex Desegregation Training Institute at the University of New Mexico. At this meeting, it was agreed that the Title IV-funded entities would coordinate a total equity effort at selected sites within their mutual service area, in order to provide optimal assistance to local education agencies without duplicating or overlapping services. This undertaking would, then, involve the extended provision of technical assistance and training at these sites, whereby predetermined goals for overall school desegregation would be reached through coordinated activity on the part of the DACs, the TIs, and the school districts.

The IDRA Center for Equity in Education provided a model for this task which is an adaptation by Bradley Scott, IDRA CE Director, of the SPIRO Model developed by Dr. John E. Jones, University Associates, La Jolla, California. SPIRO is an acronym for Specificity, Performance, Involvement, Realism, and Observability. The model outlines certain specific initial activities:

1. The district must identify broad areas of need in the conduct of desegregation activity.
2. The district develops broad goals relative to these general needs and areas of concern.
3. The DACs and TIs determine how the needs and goals fit within the areas of authorized assistance which they can provide. In so doing, they also make a determination as to which of the district's goals are clearly a responsibility of a particular Title IV-funded entity. As an example, human relations training would be an RDAC/TI activity; increased male/female participation in non-traditional courses, an SDAC/TI activity; and Lau compliance, a NODAC activity. In instances where there is an overlap of authorized assistance on the part of particular DACs/TIs, the rest of the SPIRO model can be set into motion, as outlined in Attachment D, which also provides a flow chart of the process.

This model was presented by representatives of the Title IV programs to the superintendent of the Taos Municipal Schools, Leonila Serna, and to members of her administrative staff. Ms. Serna agreed to let Taos serve as a pilot site, and committed the district to conducting a needs assessment. In November, 1981, the district set up a meeting with representatives from all schools, all internal federally-funded programs, parents, students, teachers, and mid- and upper-level administration. From this meeting and others held later in November, the administration was able to acquire data on the overall needs of the district. The superintendent then set up a committee which used these data to determine specific assistance needs.

Throughout December, 1981, the Taos needs assessment committee formulated goals and objectives from the identified needs, and determined the assistance they required to meet these goals and objectives. The district also solicited the involvement of two other federally funded organizations: the National Institute for Multicultural Education (NIME), Albuquerque, New Mexico (Title VII), and the American Indian Bilingual Education Center (AIBEC), University of New Mexico, Albuquerque (Title IV A).

In January, 1982, district personnel met with representatives of the various federal programs to determine how the activities outlined by the district could best be met by these programs. An additional goal of this meeting was to determine any modifications and/or revisions which needed to be made in the specified activities. By February, 1982, training had begun with the district's teachers and teacher aides. A selected group of parents were trained in March, and representatives of the student population received training in April. Specific desegregation-related topics covered by the training included compliance issues, cultural awareness, communication skills, community dynamics, the impact of society on education, working as agents for positive change, development of action plans for educational equity and educational improvement, conducting needs assessments, due process in student discipline, and the establishment of alternative educational programs.

The district realized that the initial training provided by the Title IV consortium would need to be continued in-district. With this in mind, the superintendent and her staff organized School Improvement Teams (SITs). These groups are comprised of master teachers on each campus whose function is to provide follow-up training and technical assistance to staff, students, and parents at that campus. They are scheduled to work closely with the consortium throughout the remainder of the year to ensure continuity of service from the various programs involved and from personnel on each campus.

The total equity effort in the Taos Municipal Schools has been a success to date because of the district's initiative in seeking appropriate assistance and its receptivity to this assistance, as well as the cooperative spirit existing within the Title IV consortium. District personnel are deeply concerned about the possibility of termination of Title IV funding.

The Taos program represents a unique coordination effort and one which epitomizes the highest stages of Dr. Shirley McCune's model of desegregation. From simply physical desegregation, the district has moved to dealing with equal access to courses, equitable treatment of students, and infusion of curricular and programmatic structures with the principles of equality of educational opportunity; it is now on its way toward becoming a role model for the nation in this area. Taos, like many other school districts, has come to realize that equality of opportunity and quality of education are not mutually exclusive, that equity and excellence are synonymous. I believe that the Title IV programs have been instrumental in promoting this realization; I urge you to continue your support of these programs.

RELATED AGENCIES PANEL

STATEMENTS OF:

JOHN COOPER AND BRUCE CHRISTENSEN, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

DAVID V. BRITT, CHILDREN'S TELEVISION WORKSHOP

JAMES MARTIN, NATIONAL ASSOCIATION OF AREA LABOR MANAGEMENT COMMITTEES

OLE M. BERGE, RAILWAY LABOR EXECUTIVES ASSOCIATION COMMITTEE ON RAILROAD RETIREMENT

ANDREW M. RIPP, RAILWAY LABOR EXECUTIVES ASSOCIATION COMMITTEE ON MEDIATION

Senator RUDMAN. We are now going to hear testimony concerning the Children's Television Workshop, the National Association of Public Television Stations, the National Association of Area Labor-Management Committees, the Railway Labor Executive's Association Committee, and Railway Labor Executives Association Committee on Mediation.

And we have one last-minute cancellation; I see Mr. Mankiewitz will not be here.

We will start with Mr. Jon Cooper of Albuquerque.

As chairman, I would like to say a word on the limitation of time, which must seem somewhat unfair in terms of the care with which some of you have prepared; but I want to assure you your testimony will certainly be in the record, and will be read. There will not be time to read it here today, but if you would summarize, I would appreciate it.

STATEMENT OF JON COOPER

Mr. COOPER. Thank you very much.

Mr. Chairman, I appreciate the opportunity to be here to speak to the committee today. My name is Jon Cooper. I am director of broadcasting for the University of New Mexico, and I am responsible for KNME–TV, which is jointly licensed to the university and the Albuquerque Public Schools System, and for KUNM-Radio, which is another radio facility licensed to the university.

Our television station serves 28 counties in northern New Mexico, southern Colorado, and eastern Arizona. Within that area there are approximately 1 million people. In a given week over half of the people there will watch Channel 5.

The people in New Mexico and our part of the country are unique. Not only because of the cultural heritage but because of distances between communities and the sparseness of population. They do not have easy access to cultural events and particular institutions and information centers that are many times taken for granted in other parts of the country.

That is why KNME and the Public Broadcasting facilities in our State are so important to the people. They look to us to bring them American Playhouse, Cosmos, McNeil-Lehr, Sesame Street, Oddyssy, Wall Street Week—programs, information, that they do not get anyplace else.

On the local level we have committed ourselves to provide programing that on the one hand reflects our community and at the same time, enriches.

We produce an instructional program series for primary grades in the music area that reflects our community. For the last several years we have produced coverage of the New Mexico symphony, allowing it to be seen throughout the State, rather than just by those individuals fortunate enough to live in the metropolitan Albuquerque area.

And for the past 2 years we have produced—we have funded—a public affairs unit that produces a daily program called the Illustrated Daily, which attempts to treat current-affairs issues through documentary coverage, debates on community issues, and coverage of candidates and political issues.

In addition it produces a weekly, that is, the public affairs unit produces a weekly series on the executive branch of the State government, bringing, using the State interconnections to bring together State government leaders and journalists from around the State. That program is aired by all three stations in the State every week.

We have for the last 2 years covered political candidates' races at the Federal, State, and local level, providing that coverage, again, throughout the State, and aired on all three stations.

The State has been supportive of our efforts. They have provided assistance and financial support. For the past 3 years, the community has shown very good support through our fundraising efforts and our underwriting.

But what is necessary is continued Federal funding to go with that support that we receive at home.

In 1982 the Federal appropriation is $172 million. That reflects grant to us of $400,000. The Senate-authorized figure for 1984 is $130 million, a 34-percent reduction; that represents a grant of $253,000.

The reduction, $137,000, represents almost 90 percent of what we will pay next year for all of the national programing we would purchase. Instead of 19 programs, we would buy 1.

On the other hand, at the local level, it represents about 40 percent of what it costs us to fund our public affairs unit for last year. That would mean no documentary productions, little or no coverage of public hearings, candidate activity, so forth; and it would be very difficult to even entertain a daily program.

The Federal money is a catalyst which makes it possible for us to get State funding and community support. It's what makes it possible for us to buy national programing and attract the attention of viewers who, in turn, then want to give to the station.

So it's a very necessary ingredient.

We can handle $130 million at the station level. It will be difficult. We will have to make adjustments. But anything less than $130 million at the Federal level, will make a material difference in how KNME is able to serve the people in New Mexico.

It's just too much, too fast.

We have built a strong system. It is effective. It is serving the individual. It is a good use of Federal money.

And I sincerely ask for your support of funding at no less than $130 million for 1984 and 1985.

Thank you.

Senator RUDMAN. I just would comment briefly. It might be easier because of the relationships between members of the panel to do it now.

Essentially what we have asked is a supplemental in the amount of about $25 million for funding in 1984. Of course aside from the merits of that, and whether that's the right amount, high, low, or whatever, there of course is the natural tendency on the part of those who are seeking it to have it come up as soon as possible. Of course you are I am sure aware that there are other opportunities for that as far as the 1984 funding other than this particular time. I am not saying that through any prejudice on my part. I am just stating that that is the current conversation.

Would you like to respond to that?

Mr. COOPER. Yes, certainly.

Just a couple of comments—as you know public broadcasting has been funded, for the last several years, on the concept of forward funding, the concept of providing that projection of funding to enable us to plan far enough ahead to adequately prepare programing on an ongoing basis.

And if that consideration of that were not to take place relatively quickly, we could materially damage the planning process way down the road which would in turn have an effect.

Senator RUDMAN. I understand.

We'll go on to whoever would like to go next.

STATEMENT OF BRUCE CHRISTENSEN

Mr. CHRISTENSEN. Mr. Chairman, I am Bruce Christensen of the National Association of Public Television Stations, and on behalf of Frank Mankiewicz, he asked that I read a very short statement to you. I would like to do that at this time, if I may.

Senator RUDMAN. Would you state your name again and title?

Mr. CHRISTENSEN. Bruce Christensen, president of the National Association of Public Television Stations.

This is Mr. Mankiewicz's statement.

Mr. Chairman, all of us in public radio and throughout the broadcasting community are appreciative of the broad support throughout this subcommittee and the entire appropriations committee for the Stevens-Byrd amendment to restore our 1984 appropriation to $130 million. The amendment is scheduled to be offered to the supplemental appropriations bill once it's cleared the House. We are grateful for the outstanding support of this committee, which has consistently provided for public broadcasting.

Again and again you have demonstrated selfless commitment to the success of public broadcasting in the face of enormous budgetary pressures.

I wish to extend my thanks to you, Senator Rudman, to your chairman, Senator Schmitt, Senators Hatfield, Stevens, Byrd, and Senator Weicker for his support for the facilities program, and to all other members of the subcommitee for their efforts on my behalf.

That's the end of Mr. Mankiewicz's statement.

I would add to his statement that statement of the public television stations who also are very appreciative of the work of the subcommittee members and the staff on behalf of public broadcasting.

We recognize the difficulty in trying to restore the $24.4 million which you just mentioned to the appropriations for public broadcasting. But as Mr. Cooper has said, it is essential to our forward planning, and also essential to the installation which really was part of the measure for the authorization for public broadcasting.

To preserve the public trust of public television and continue that service called public television, adequate Federal support must be maintained. The minimum levels necessary for the Corporation for Public Broadcasting are $137 million for fiscal year 1983, and $130 million for fiscal year 1984, and $130 million for 1985.

Education programs presented on public television benefit also from several appropriations to the Department of Education. Therefore, we urge that the National Institute of Education be funded at $55.6 million; the Fund for the Improvement of Education, Postsecondary Education, $13.5 million; Handicapped Media and Captioned Films, $14 million; and for television from the Secretary's Discretionary Funds, $6 million.

The rationale for that is, first, that public television has become the most cost effective public trust institution in America in response to and only because of substantial Federal support.

Second, no alternative to adequate Federal financing—and we have looked at most of the many alternatives that have been discussed—and there's no alternative to adequate Federal financing presently existing for public television. Neither alternative technologies nor other sources of revenue will maintain the public service television now provides this country.

Finally, public television has taken its share of cuts, a 25-percent cut in Federal funds already approved by Congress represents a starvation diet; further cuts invite the demise of educational, cultural, and information services now offered by public television.

I would like to show you, Mr. Chairman, a chart which we have which demonstrates the kind of program schedule that PBS offers to its stations.

[Chart displayed.]

This chart shows on the right—or on your left—the schedule which we are now providing; and the black part on the right-hand side of the chart, indicates the cuts in PBS's schedule which will begin the first of October. These are programs that stations will no longer show on PBS. They'll have to record those programs and relay them themselves if they are to be aired, at enormous expense to the local stations.

That really concludes my remarks. Again we would underline the need for the urgent supplemental appropriation.

QUESTIONS

Senator RUDMAN. You say October 1983?

Mr. CHRISTENSEN. No, sir, 1982. That is this coming October.

Senator RUDMAN. Because of the cuts heretofore?

Mr. CHRISTENSEN. The cuts heretofore. These are cuts that will come into effect for the coming fiscal year for public broadcasting.

Senator RUDMAN. This then is unrelated to the supplemental?

Mr. CHRISTENSEN. Unrelated to the supplemental.

In 1982, which we are in now, we have, for fiscal year 1982, we have an appropriation of $172 million. That appropriation the first of October goes to $137 million. And that's the effect that we have in public broadcasting.

Senator RUDMAN. I guess you could probably roughly project that at the level of cuts proposed you'd essentially have no chart?

Mr. CHRISTENSEN. We'd have a very small chart; that's correct.

That concludes my testimony. Thank you very much.

Senator RUDMAN. I would only ask one other question, as one who has essentially supported your requests along with other members of the subcommittee—to what do you credit your rather remarkable lack of success in convincing the administration that they shouldn't do this to you?

Mr. CHRISTENSEN. I think there is a feeling on the part of the administration, and we have talked with them, that public broadcasting can and should be self-sufficient. They look for the marketplace to assume the responsibility of public broadcasting.

As we have examined the ways in which that might happen. They are really not there.

The other thing that I think they are saying is that new technology will come along soon and assume the role that public broadcasting has had. If that happens, that would take place sometime in the future, in the next 5 years. And we don't have anything to replace the services that are being offered at the present time.

Senator RUDMAN. I wasn't being——

Mr. CHRISTENSEN. No; I understand that.

Senator RUDMAN. But I find you a very distinguished group of people. [Laughter.]

STATEMENT OF DAVID V. BRITT

Mr. BRITT. Thank you, Mr. Chairman.

I am David Britt, Sr., vice president of Children's Television Workshop and producers of 73 other educational programs for children's television.

I would like to highlight two points.

First is the need for fiscal 1983 Department of Education funds for a second season of 3–2–1 Contact, our education series in science and technology for children aged 8 to 12.

And second, please stop the erosion of funding support for public television generally before the very foundation for its services is destroyed.

CTW undertook to produce the first season of 3–2–1 Contact because of our firm belief that formal grade-school science education for young children in this country is inadequate.

American's industrial leadership rests on science and technology. But the hard fact is that these fields are not very appealing to America's young people. These negative attitudes translate into pools of professional talent inadequately trained for a technological age, and, no less important, a general population which is scientifically illiterate, even though it will be called upon to make critical choices about science and technology—from nuclear power to genetic engineering.

Adding to this bleak picture is the plight of our schools. Faced with tighter budgets they are compelled to give an even lower priority to science, because it is not considered an educational basic.

Well, science is basic to our lives, and it is getting more so every day.

Because of prior appropriations by this subcommittee and others, we now have $5.8 million of the $6.8 million needed to start work on a second season of 3–2–1 Contact. Secretary Bell has told us the remaining $1 million is proposed to come from fiscal 1983 Department of Education funds. With the assurance of this last $1 million, we will begin next month to produce a second season of 40 programs. We therefore urge that this subcommittee insure allocation of these funds to complete funding for season II of 3–2–1 Contact.

Mr. Chairman, children spend more time watching television than they do in school. Largely because of Federal support, public television offers them appealing and constructive alternatives to commercial programing, alternatives they obviously want and enjoy.

Preschool children, for example, watch Sesame Street more than any commercial program. Educational impact combined with mass audience makes public television an extremely important component of our education system.

For example, 3–2–1 Contact costs less than 2 cents per viewer per program. Sesame Street costs less than half a penny per viewer per program.

And I might add that this year for the first time we will be doing it without any direct support of Sesame Street. We have gotten ourselves off the dole, if you will, with respect to that.

Our educational efforts go beyond the television screen: There is the outreach publication which you have before you, such as Sesame Street Magazine, 3–2–1 Contact Magazine, Parents Newsletter, which are self-supporting.

Let me add a word about substituting corporate contributions for Federal funding; it won't happen.

And especially it won't happen in children's programs.

We have been unable in the last 10 years to get any substantial corporate funding for Sesame Street, perhaps the most widely known program in the entire world.

The reasons why are because preschoolers don't buy products. It doesn't make sense for a corporation to provide advertising or institutional support for Sesame Street. The buyers aren't there.

And because, quite frankly, corporations are afraid that once begun, it would be politically impossible to stop support of such a popular show.

So we should be under no illusions about corporate support in paying for children's programing; it won't happen.

Public stations need CTV funding to continue to pay their share, approximately 30 percent of the total cost of Sesame Street.

The fact is that public television is not a frill or a luxury. It is an essential component of America's educational system. The projected cutbacks proposed will not only make it impossible to produce largely needed educational programing, but in fact will threaten public television itself.

This is the system that has made it possible for every child in this country to have access to quality educational children's television. If for whatever reason this system is torn apart, then we would be denying our children the education programs that they deserve, and that we need, to assure a better future for all of us.

America's children are, after all, this country's most vital resource. Public television is now an integral part of their education. Kids don't vote. They don't have their own lobbying group to speak out for them in their interest.

They must count on this subcommittee and the Congress to remember their needs.

I hope you will continue to do so. Thank you.

Senator RUDMAN. Thank you very much. You people do a superb job. I couldn't agree with you more. I am a supporter, as a matter of fact, I think your science series is watched by as many adults as kids.

Mr. BRITT. That's right.

Senator RUDMAN. I know at the Appropriations Subcommittee we are constantly hearing about the numbers of engineers and scientists needed. Day before yesterday, we saw that all of the degrees being given by American higher institutions, Ph. D. degrees in science and technology, better than 50 percent of them are going to foreigners, who are going back to their countries after having learned what they've learned here. And there is a very small amount of money to do what you people are doing. And I think you have fine, very fine support.

Maybe we ought not do it in the mode you are seeking, maybe we ought to do it differently, maybe it ought not be coming the way it has, through another departmental budget; there are other Federal ways of doing it through general appropriations to the Corporation for Public Broadcasting. That's something for the chairman.

But I can assure you you'll get strong support; these things are far too important to a very important audience for us to underfund. If we have got to underfund something, I think it better be something else.

So I just want to tell you, you have strong support.

Mr. BRITT. Thank you, sir.

Senator RUDMAN. Thank you, sir, I appreciate it very much.

I'll call Mr. Martin now.

STATEMENT OF JAMES MARTIN

Mr. MARTIN. Thank you, Senator.

My name is James Martin, I am the executive director of the Philadelphia Area Labor-Management Committee, and a spokesman here today for the National Association of Area Labor-Management Committees.

As I am sure the committee is aware, there has been a growing concern throughout the United States for the quality of worklife of the American worker, the productivity of the American industrial system, and for the vitality of the major sector of our manufacturing industry.

In response to this concern fully one-third of organized labor contracts today make specific mention of the need for cooperation among labor and management toward productivity improvements and job security through participation by labor in management processes.

The recent well-publicized concessions of the collective bargaining agreements covering the automobile workers are not a last step but actually a first step in addressing issues of efficiency, quality control, productivity, and cost-effective production issues.

The meaningful implementation of these contracts will come in the form of labor and management cooperation for long-term solution of America's regaining its competitive edge in vital industry.

The contract cost concessions provide the breathing space while our industries gear themselves for a new generation of labor and management cooperation.

In further testimony of support of labor and management cooperation, the Congress itself has given recognition to the importance of cultivating positive labor-management activities through the passage of the Human Resources Development Act of 1977, the Labor-Management Cooperation Act of 1978, and the funding of labor-management committees through the Federal Mediation and Conciliation Service.

My purpose in testifying today, Senator Rudman, is to urge a continuation of the modest funding allowance of $2 million directed to the Federal Mediation and Conciliation Service in order that the FMCS may proceed in an orderly way with creation and maintenance of area labor-management committees throughout the United States.

This amount is $8 million below the authorized amount in the Labor-Management Cooperation Act. The current recommendation for the FMCS budget is for zero dollars.

During fiscal year 1981 the FMCS was given an appropriation of $1 million to foster the creation of areawide labor-management committees throughout the country.

With this appropriation, 10 such groups were given initial seed money funds and were able to create a staff for implementing diverse programs of labor and management cooperation.

In Philadelphia, the area labor-management committee, used its FMCS funds in a challenge grant from the private sector to accomplish four aims within our community:

First, is the cultivation of in-plant labor-management committees that address a variety of issues whose bottom line is job stability.

The second, is the establishment of industry-wide labor-management committees to address broad issues that affect entire industries within the metropolitan area.

The third, is the creation of a public policy forum between labor and management with both sides taking common stands on issues of concern with the labor climate in our area.

And, finally, the establishment of a public information, educational, and seminar program of representatives of business and labor.

I can report that the operation in Philadelphia of the labor-management committee has had a significant positive impact in improving labor-management climate in our community.

Further, results of a similar kind are being achieved by other area labor-management committees across the country.

This commitment exists in our community, and it exists in other communities where labor-management committees exist.

Because of the general economic malaise and persistent unemployment, plant closings, and general economic decline affect every phase of life at the most personal level among our working families and the highest level of corporate decisionmakers.

In citing the progress that has been made, I must also report the extreme difficulty of carrying out the program.

It was the intent of FMCS that after providing the seed money funds, that successive maintenance funds over 2 years would be used to help support those programs that were started. Since our community has a metropolitan area of 5 million people, and over 300 different labor unions, it's very difficult to put in place a program and show such progress at the end of 1 year. The full amount of funding to support this program is obtained solely from local sources.

Of our budget this year, $200,000 comes from private sources, and $100,000 comes from this ever important FMCS seed money grant.

Now, I'd like to conclude with an observation about cost versus cost effectiveness on this item.

I know every group that comes before these appropriations committees are arguing for an appropriation for their programs. The present dilemma in the budget is really a factor of two issues coming to bear: One is the cost of the program, the second is a revenue shortfall.

Labor-management committees, in fact, prevent a revenue shortfall in crucial areas. In just one firm that we are dealing with in Philadelphia, one firm in the printing industry, a beleaguered industry, of 50 employees, a firm that would have gone out of business if the labor-management committee had not gotten started and corrected adverse conditions in that plant—that firm, in taxes those employees pay just in Federal taxes alone, it's about $160,000 on an average salary of $20,000 for those 50 people—they paid $160,000 back to the Federal Government.

And we'll have scores of these committees operating within our communities. But we will not be able to show in the space of 1 year that we can raise $400,000 alone to carry the program.

And it is for that reason that we urge sincerely a $2 million appropriation for the labor-management committees be put back into the budget and directed through the FMCS agency in the orderly way that it was originally prepared. There are over 30 such committees across the country now.

Thank you very much.

Senator RUDMAN. Thank you very much, Mr. Martin; we will pay heed to your testimony. I know your Senator wanted to be here personally to greet you; but he's very busy this afternoon.

Mr. MARTIN. For the record I would like to add my gratitude to Senator Spector for his personal interest in this matter, and for informing Chairman Schmitt about this. I certainly do appreciate it.

Senator RUDMAN. We will note that in the record and I will tell him when I see him later on this afternoon.

Mr. MARTIN. Thank you.

Senator Rudman. The last two witnesses are Mr. Berge and Mr. Ripp, Railway Labor Executives Association Committee and I guess you have an attorney with you?

STATEMENT OF OLE M. BERGE

Mr. BERGE. Yes; Mr. Mahone, Bill Mahone.

Senator RUDMAN. Washington, D.C.?

Mr. BERGE. Yes.

My name is Ole M. Berge. I am chairman of the Committee on Railroad Retirement and president of the Brotherhood of Maintenance of Way Employees.

I appear before you today on behalf of one-half million persons actively employed in the rail industry, and the 1 million persons receiving benefits through the railroad retirement system.

We seek approval by this committee that the full $430 million appropriation required for fiscal year 1983 which would provide railroad retirees the pension Congress first committed itself to pay, first in 1954 and in again in 1974.

I must also inform this committee that we are opposed to the dismantlement of the railroad retirement system as has been recommended by the budget officers of the Reagan administration, directly by statutory amendment, and indirectly by arbitrary reduction in personnel and shutdown of board field offices, the full cost of which are borne by the rail industry's labor and management, and not by the Federal Government.

I have prepared a statement which I would like to ask be received into the record as if read.

Senator RUDMAN. We will print your entire statement in the record as you submit it to us.

Mr. BERGE. Thank you.

The Federal Government does not subsidize railroad retirement to any extent. It does, however, subsidize the dual benefit or windfall benefit program. That program was created by the Congress in 1954 over the unanimous opposition of the membership of the Railroad Retirement Board and many rail unions, including my own.

It removed the restriction against employees receiving the full benefit of both railroad retirement and social security when they qualified for both. Congress never appropriated sufficient money fully to cover this expense.

I will not review the history of the so-called windfall bill benefits problem, as I've outlined them in my prepared statement.

But I would like to note a couple of points with regard to it.

When Congress eliminated the windfall benefits in 1974, the Congress itself decided to retain them for those people in whom it considered those benefits to have equitable benefit and to pay for them on a level payment basis from 1976 through the year 2000.

President Ford vetoed the bill because he felt it was too expensive as it would have a $7 billion burden on the Treasury over the next 25 years.

But Congress overrode that veto, 360 to 12 in the House; 72 to 1 in the Senate. Yet, Congress has never appropriated the full amount which it promised in the 1974 legislation in order to pay the dual benefits to those in whom it vested.

As a result there has been a constant and direct drain on the railroad retirement trust fund to make up the difference between that which Congress appropriated for windfall and the amount necessary to pay those benefits. The effect has been to lower the trust fund by more than $1.5 billion.

In 1981, Congress enacted legislation to restore railroad retirement's full solvency for the several changes set forth in my prepared testimony, including replacement of the dual benefit into a separate account to be paid from general funds. Congress clearly should honor its commitment twice made to these employees to appropriate sufficient funds to pay its dual windfall obligation.

This means that instead of $350 million currently proposed by the administration to pay the dual benefits, Congress should appropriate the full $430 million required to discharge its obligations to these pensioners for fiscal year 1983.

That concludes my testimony. Thank you.

Senator RUDMAN. Mr. Ripp?

STATEMENT OF ANDREW M. RIPP

Mr. RIPP. Mr. Chairman, I am Andrew M. Ripp, chairman of the Railway Labor Executives' Association (RLEA) Committee on the Railway Labor Act, and vice president of the International Brotherhood of Electrical Workers. I appear before you on behalf of virtually all railroad employees in the United States.

I have a prepared statement which I ask be received into the record as if read.

Senator RUDMAN. That will be incorporated into the record and printed completely.

Mr. RIPP. Thank you.

The members of the RLEA unanimously oppose the Reagan administration's attempt through its Office of Management and Budget to destroy an agency created by the Congress in 1934 to provide justice to railroad employees and to preserve the peace in the rail industry of this country.

Simply by lowering the budget numbers by about $2 million, the OMB would effect a substantive amendment to the Railway Labor Act, eliminating the very existence of the National Railroad Adjustment Board and the Special Boards of Adjustment.

It seems clear to us that the OMB doesn't know or doesn't care what the Railway Labor Act requires, or how that law was developed.

First of all, the law requires the Adjustment Board to continue in session so long as there is any business pending before it. There are now 2,271 cases before the Adjustment Board, and some 14,000 cases pending before the special boards.

Second, the law requires the Mediation Board to pay the compensation and expenses of the neutrals and the expenses of the Adjustment Board. OMB would in effect repeal each of these statutory requirements by budget cuts.

The Mediation Board has already told us that it will no longer pay the rent on the Adjustment Board's quarters as required by the Railway Labor Act. The Board is going to shut down because the OMB will not allow it the funds required to operate.

I attached to my prepared testimony a copy of a letter to that effect from the Mediation Board.

If the Board shuts down, then the employees of the railroads of the United States will be free to strike over each and every minor dispute that is left unresolved.

As I mentioned a moment ago, there are over 16,000 of them now pending.

What will the United States save if it wipes out the Adjustment Board, and the special boards, and creates this enormous disruption to labor peace and rail transportation in the United States?

It will save just about three 10-thousandths of 1 percent of the Federal budget, or .00000034 percent.

I cannot believe anyone could accept such a recommendation in such a circumstance, based upon a high level of intelligent consideration.

We respectfully submit that the OMB's actions are ill-conceived, ill-considered, and ill-advised. They should be rejected by this committee and the Congress.

The appropriations requested by the National Railroad Adjustment Board through the National Mediation Board, for the proper execution of its duties under the law, modest as it is, should be provided by this committee and Congress.

Senator RUDMAN. Well, Mr. Ripp, we know where you stand.

Mr. RIPP. I hope so. [Laughter.]

It's very serious, Senator, you know, we gave up the right to strike over minor disputes modeled in the legislation, and for the amount of $2 million, sir, that would be an awful disruption in the industry.

This is enormous disruption to the public.

PREPARED STATEMENTS

Senator RUDMAN. We appreciate your appearing and we can assure you, your testimony certainly will get close and full consideration.

I believe that concludes the testimony here today. Your prepared statements will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF JAMES MARTIN

Good afternoon Mr. Chairman and members of the Appropriations Subcommittee. Special greetings also to Senator Arlen Specter of my home state of Pennsylvania.

My name is James Martin; I am Executive Director of the Philadelphia Area Labor-Management Committee, and a spokesman today for the National Association of Area Labor Management Committees.

As I am sure the committee is aware, there has been a growing concern throughout the United States for the quality of worklife of the American worker, the productivity of the American industrial system and indeed the viability of the mighty industrial base of our manufacturing sector of the economy. In response to this concern, fully one-third of organized labor contracts today make specific mention of the need for cooperation among labor and management toward productivity improvements and job security through participation by labor in management processes. Collective bargaining agreements of the telecommunications workers, steel workers, automobile workers and numerous building and construction trade agreements attest to this desire on the part of labor and on the part of management to work together for increased productivity and improved quality of work life for the American worker.

The recent well-publicized concessions of the collective bargaining agreeements covering the auto workers are not the last step but really the first step in addressing the issues of efficiency, quality control, productivity and cost effective production. The meaningful implementation of those contracts will come in the form of labor and management cooperation in demonstrating that quality control with worker participation is going to provide the long term solution for America regaining its competitive edge in vital industries. The contract cost concessions provide the breathing space while our industries gear themselves for a new generation of labor and management cooperation.

In further testimony of labor and management cooperation, the Congress itself has given recognition to the importance of cultivating positive labor-management relations through the passage of the Human Resources Development Act of 1977, the Labor-Management Cooperation Act of 1978 and the funding of labor-management committees through the Federal Mediation and Conciliation Service. My purpose in testifying before you today is to urge a continuation of the modest funding allowance of $2 million dollars to the Federal Mediation and Conciliation Service to allow the support mechanisms of the Federal Mediation and Conciliation Service to proceed in an orderly way with creation and maintenance of Area Labor-Management Committees.

During Fiscal Year 1981, the Mediation Service was given an appropriation of $1.0 million dollars to foster the creation of areawide labor-management committees throughout the country. With this appropriation ten areawide labor-management committees were given initial seed money funds and were enabled to create a staff for implementing diverse programs of labor and management cooperation. In my home community of Philadelphia, the Philadelphia Area Labor-Management Committee is co-chaired by Edward F. Toohey, President of the Central Council AFL-CIO, and Richard Klopp, President of Catalytic, Inc., an engineering and construction design firm. The organization has been using its FMCS and matching labor and private sector contribution budget to accomplish four aims within the city.

(1) Cultivation of in-plant labor-management committees that address the variety of issues whose bottom line is job stability and productivity increases through improvements to the work place.

(2) Establishment of industry-wide labor-management committees to address broad issues that affect entire industries within the metropolitan area.

(3) Creation of a public policy forum between labor and management with both sides taking a stand on issues of common concern particularly if the concerns would have a positive or adverse impact on labor relations within the community, and

(4) Establishment of a public information, educational and seminar series advising representatives of business and labor as to the program

and positive benefits to be derived from different aspects of labor and management cooperation.

I can report to you that the operation of the Philadelphia Area Labor-Management Committee has had a significant impact in improving the labor-management climate in Philadelphia among the top business and labor leaders of our community. Further, results of a similar kind are being achieved by the other area labor-management committees that were made possible through the start-up grants of the Federal Mediation and Conciliation Service. There is a commitment to have the Philadelphia Area and other area labor-management committees succeed because the general economic malaise that afflicts our area touches on every phase of life from the most personal level among the working families to the highest level of corporate decision makers. The nationwide commitment to the operation of area wide labor-management committees is attested to by supporting letter that I am submitting with this testimony from Mr. Jack

Buttrum, President of the National Association of Area Labor-Management Committees, representing twenty such groups in as many communities.

In citing this progress I must also report the extreme difficulty of being able to carry out this program. It was the intent of the Federal Mediation and Conciliation Service that after providing seed money start-up and funding maintenance support over a renewal period of two successive years, that the area labor-management committees should become self-sustaining through support from constituent members within their communities. In Philadelphia we have such a program to become self-sustaining. During our first year, for example, the Federal Mediation and Conciliation Service seed money provides $100,000 toward our program while private grants, dues, fees and other income from unions and private firms contribute $200,000.

We have been able to raise this money in our community because the area labor-management comittee program enjoys a full spectrum of political support locally and here in Washington. Richard Breeden, Executive Assistant to the Deputy Secretary of Labor, personally made the announcement of the award to the Philadelphia Committee at its annual conference last October 30th. With no money being appropriated in the current budget for the Federal Mediation and Conciliation Service maintenance of area labor-management committees, we are here from the National Association of Area Labor-Management Committees to express concern that this extremely worthwhile program may be weaned too quickly from its federally sponsored sources. In spite of the broad nature of participation and consensus within communities for action, creating effective labor-management committees is no easy task. In Philadelphia we are dealing with a metropolitan area of more than five million people and an extremely complex labor community where progress must proceed at a pace that maintains labor and management involvement, trust and consensus of the key players in both communities.

During the first year of operations, areawide labor-management committees in Philadelphia and throughout the country will do well to become staffed, organized with programs approved and placed into operation and with some start-ups of individual projects under way. To think, however that after one year, area labor-management committees will be able to support themselves solely with local funds from unions and from private contributions is not in accord with reality. In a study conducted by Professor Richard Leone of Temple University, of nine area labor-management committees across the country, most failed after their first year when initial seed money funding from a public source was withdrawn. In all cases the progress and tangible results that could be demonstrated at the end of one year were not sufficient to generate private contributions in significant amounts to provide sole support for the labor-managment groups in those communities. Therefore, while consensus existed and while the desire on the part of labor and management is real, the ability to mount a program and fund it totally with private funds after just one year is not realistic.

We noted in the testimony before this same Committee that Kenneth Moffett, Director of the Federal Mediation and Conciliation Service, indicated the FMCS supported and would continue to encourage area labor-management committees. We believe that it is somewhat a contradiction not to provide the funding for the maintenance of the labor-management committees that were able to get started under the first year appropriations from the FMCS.

We urge, therefore, that $2,000,000 for maintenance of areawide labor-management committees be included in the allocation for the Federal Mediation and Conciliation Service. I offer as a supplement to my testimony signed letters from Mr. Edward Toohey and Mr. Richard Klopp, Co-Chairmen of the Philadelphia Area Labor Management Committee in support of this request. I am free to answer any questions the Committee may have.

April 21, 1982

Honorable Harrison Schmitt
Chairman, Senate Appropriations Committee
on Labor, Health and Human Services, Education and
Related Agencies
Washington, D. C. 20510

Dear Senator Schmitt:

I am writing to express the support of the National Association of Area Labor-Management Committees, Inc., for an appropriation in support of the Federal Mediation and Conciliation Service for assisting local area labor-management committees. One of the most bipartisan activities, both at the national level and in local communities, has been the encouragement and creation of organizations whose purpose, through joint labor and management participation, is to address issues of improved quality of work life for employees and increased productivity for American industry. Both Democratic and Republican administrations in Washington support these joint endeavors in local communities, regardless of political persuasion, and are part of this nationwide activity.

To its credit, FMCS has, through seed money funding, stimulated the creation of a dozen areawide labor-management committees across the country. These initial grants were used for start-up purposes. They must be supplemented with a minimum of one and hopefully two years of maintenance support since the effort is so overwhelming. As President of the NAALMC, I urge your personal support and that of your subcommittee for a modest $2,000,000 appropriation to continue this fine program.

Our organization pledges its support to the success of area labor-management committees in the communities where they are underway and in future locations. We would be willing to have members of our Association appear at any hearings that you might feel appropriate and helpful. Any advise you may offer concerning ways of furthering our efforts concerning this appropriation would also be greatly appreciated.

Sincerely,

Jack Buttrum

Jack Buttrum
President

May 5, 1982

The Honorable Harrison Schmitt
Chairman of the Senate Appropriations
Subcommittee on Labor, Health &
Human Services, Education and
Related Agencies
Washington, D.C. 20510

Dear Senator Schmitt:

The Philadelphia Area Labor-Management Committee (PALM) was formally established in December 1980 as a joint effort of the Philadelphia Council AFL-CIO and the Greater Philadelphia Chamber of Commerce. It was formed in response to the loss of some 120,000 manufacturing jobs in the region over the last decade. PALM is dedicated to improving labor-management cooperation in Southeastern Pennsylvania in order to increase the competiveness of industry, reduce the number of plant closings and relocations and ultimately improve the region's industrial climate.

Recently PALM was awarded a grant under the Labor-Management Cooperation Grant Program of the Federal Mediation and Conciliation Service. This has provided us with the funds to commence operations and hire a full-time director. At the end of 18 months, PALM will be eligible to apply for re-funding, providing money has been appropriated for the FY83 program. Unfortunately, the Administration's proposed FY83 budget contains no renewal funding.

We are writing to urge you to support a $2 million appropriation for the FMCS Labor-Management Cooperation Grant Program. If less than $2 million is appropriated, we are told it will be used only to fund new labor-management committees - thus committees such as ours may die because of lack of funding. In light of the depressed economy of Southeastern Pennsylvania, we cannot afford to let this happen.

The prime role of labor-management committees is to build an environment of trust and cooperation between labor and management. With traditional adversaries, the nurturing of such a cooperative relationship is a sensitive, slow and difficult process, but one which we believe is truly worthwhile. That is why it is so critical that our funding be continued in FY83.

The continued loss of jobs and business in our region is having a devastating impact on our economy. Our hope, with the Committee's activities and a genuine partnership between labor and management, is to begin to reverse this trend.

In your capacity as Chairman of the Labor Appropriations Subcommittee, we ask you to work with us to make this happen by recommending a $2 million appropriation for the FY83 FMCS Labor-Management Cooperation Grant Program.

Very truly yours,

Richard P. Klopp
President
Catalytic, Inc.

Edward F. Toohey
President
Philadelphia Council AFL-CIO

STATEMENT OF OLE M. BERGE

My name is Ole M. Berge. I am President of the Brotherhood of Maintenance of Way Employes and Chairman of the Committee on Railroad Retirement of the Railway Labor Executives' Association or RLEA.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

- American Railway & Airway Supervisors Association, Division of BRAC
- American Train Dispatchers Association
- Brotherhood of Locomotive Engineers
- Brotherhood of Maintenance of Way Employes
- Brotherhood of Railroad Signalmen
- Brotherhood Railway Carmen of the United States and Canada
- Brotherhood of Railway, Airline & Steamship Clerks
- Hotel & Restaurant Employees and Bartenders International Union
- International Association of Machinists & Aerospace Workers
- International Brotherhood of Boilermakers & Blacksmiths
- International Brotherhood of Electrical Workers
- International Brotherhood of Firemen & Oilers
- International Longshoremen's Association
- International Organization of Masters, Mates & Pilots of America
- National Marine Engineers' Beneficial Association
- Railroad Yardmasters of America
- Sheet Metal Workers' International Association
- Seafarers International Union of North America
- Transport Workers Union of America
- United Transportation Union

This nation's Railroad Retirement system antedated its Social Security System. In fact, the original Social Security Act based its tax benefit separation scheme on that developed in the 1935 Railroad Retirement Act. There are today some 1,000,000 persons receiving benefits under the Act, many of whom devoted their working lives to the railroad industry in large part because of the existence of the Retirement Act. Everyone of the one-half million persons actively employed in the industry today began his or her railroad career protected by the provisions of that Act.

A federal retirement act became necessary in 1934 for many reasons: The pension system of the railroad industry was ineffective and chaotic; the vast interconnected interstate operations of the very many railroads servicing the 48 states in 1934 made necessary a single uniform pension system fair to all railroad employees. Unlike the Canadian railroad retirement system which is privately maintained by the only two railroads in that country, the American railroad retirement system in 1934 consisted of separate retirement plans with a number of different unions on each of very many railroads then operating in the United States. Employees who left the service of one carrier for employment with another lost their pension credits; the qualification requirements were so high that few, if any, employees ever saw a pension check (an analysis of railroad pension benefits for the years 1925 to 1928 showed that only 17% of employees in the railroad industry would ever receive a pension - ranging from a low of about 8% for maintenance employees to about 30% for train and engine service employees); the amounts of the pensions were much too small (25% were less than $30 per month; the average was $54 per month; 2.6% exceeded $100 per month); and they were reduced beginning in 1932 from 10% to 40%.

This Congress and the Supreme Court of the United States have recognized that the efficiency and effectiveness of our vital rail transportation system suffers through loss of employee morale when the demands of justice are ignored. The Congress realized the validity of that principle in 1934 in enacting the Railroad Retirement Act of 1934, which, after failing the test of constitutionality, was re-enacted in 1935 and has been an integral and significant part of every railroad employee's life since that time.

I appreciate the fact that this Committee's technical concern is limited to the determination of the appropriation of funds under authorizations contained in various statutes enacted by the Congress; and, in the present circumstance to the appropriation of funds to support the dual benefit provisions of the 1974 and 1981 amendments to the Railroad Retirement Act. However, as the representative of the hundreds of thousands of present and future beneficiaries of the Railroad Retirement System, I believe I am obligated briefly to apprise this

Committee of the continuing efforts being made within Government to destroy this system.

Forty-seven years after its creation, a budgetary officer of government with no responsibility in or for the railroad industry or the essential service it provides this nation has decided upon the elimination of the railroad retirement system for purely mythical budgetary reasons. Does he want to save America money; or, does he merely want to make his essentially ficticious budget numbers look a little better; or, does he just want to satisfy a long held desire to "defederalize" the Railroad Retirement system of this country?

The railroad retirement system -- benefits and administration, including all field offices and officers -- is paid for by the industry, the federal government pays nothing, absolutely nothing. The revenues and expenditures of the system are listed in the Budget but the Government acts as nothing more than a conduit for those revenues and expenditures.

Problems have occurred over the years but virtually all of those have been corrected by the 1981 amendments. In 1954, over the objections of the entire membership of the Railroad Retirement Board and most of the railway labor organizations including my own organization, the Congress eliminated the so-called "dual benefit" restriction thereby allowing employees who qualified for both railroad retirement and social security benefits to receive the full benefits of both. This allowed those employees to take advantage twice of the benefit formula "weighting" favoring lower income individuals. The result was that these people got a higher social security level benefit than persons with the same amount of total employment, all of which was performed under one system or the other. For example, a person receiving $112 from both systems under the "dual benefit" restriction would receive about $139 per month upon repeal of that restriction. In 1954, it was estimated that repeal would place an unwarranted long-term burden upon the railroad retirement system of $385 million. However, with the onset of inflation, that drain became substantially greater. The unfunded portion of the payment was a direct and drastic drain on the Railroad Retirement Trust Fund.

In 1974, the Congress removed the provision for dual-benefits for the future but provided that it had to be phased out through those in whom it had equitably vested. The 1974 Act authorized appropriations from general revenues for the phase-out cost of dual benefits. The amounts authorized were to be sufficient to fund on a level payment basis over the years 1976-2000, the dual benefit for new accruals and for beneficiaries on the rolls. The annual amount was to be reviewed every 3 years at the time of each actuarial valuation. The first three transfers were $250 million each, the fourth and fifth were $313 million each, and the sixth was $350 million. However, the cost of the phase-out program was substantially more than the amount estimated and very substantially more than the funds appropriated. The result has been devastating to the Railroad Trust Fund. Because the Fund made up the difference between the amount appropriated for dual benefits and the actual cost of those benefits, it is now over $1.5 billion poorer than it should be. Obviously, for such a drain to continue would utterly destroy the Railroad Retirement System.

Only last year the Congress enacted amendments to the Railroad Retirement Act which eliminated any real basis of opposition to the system's continuation as a federal institution. Those amendments, among other things, isolated the so-called dual benefit or windfall obligation into a separate account to be paid out of general revenues with authority in the Board to reduce that benefit i. Congress decided not to honor the commitment it made in 1954 when it lifted the dual-benefit restriction and in 1974 when it determined upon the "phase-out" program. Indeed, the Congress did not provide sufficient funds to pay full dual benefits and the Board had to reduce that portion of the pensions to retirees by 15% for FY 82.

In addition, the employee tax was raised 2% over the social security tax and the tax on railroads was increased by 2 1/4% which with other adjustments in the formula limited the then existing program deficit and financed an improved formula for Tier II benefits and extended cost of living increases on the Tier II benefits.

As an immediate result of the appropriation process following enactment of the 1981 amendments, tens of thousands of railroad pensioners had the dual benefit portion of their pensions reduced by 21% initially and later adjusted to 15%. Rail Labor opposed that reduction but Congress determined upon that result. These reductions were caused when the fiscal year 1982 budget called for an appropriation of $350 million although the full cost of the dual benefit program was estimated to be $440 million for that year. As a result of various continuing resolutions the amounts appropriated for this fiscal year have been based on annualized amounts of $350 million (October-December) and $379.2 million (December to October). As noted above these amounts have caused reductions in the pensions of annuitants.

The amount necessary fully to execute Congress' commitment to phase-out the dual benefit program through those in whom it had equitably vested is estimated at $430 million for FY83. The Administration's budget again calls for an appropriation of $350 million. Such a reduction - greater than that currently visited upon pensioners by the $379.2 million appropriation - is 19% less than required to fulfill Congress' commitment to these retirees.

We respectfully request that this Committee appropriate the full $430 million required for that purpose.

Thank you.

STATEMENT OF ANDREW M. RIPP

My name is Andrew M. Ripp. I am a Vice President of the International Brotherhood of Electrical Workers and a member of the Railway Labor Executives' Association. I appear before you as Chairman of the Association's Committee on the Railway Labor Act.

The Railway Labor Executives' Association is an unincorporated association with offices in Washington, D.C., whose membership consists of the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

- American Railway & Airway Supervisors Association, Division of BRAC
- American Train Dispatchers Association
- Brotherhood of Locomotive Engineers
- Brotherhood of Maintenance of Way Employes
- Brotherhood of Railroad Signalmen
- Brotherhood Railway Carmen of the United States and Canada
- Brotherhood of Railway, Airline & Steamship Clerks
- Hotel & Restaurant Employees and Bartenders International Union
- International Association of Machinists & Aerospace Workers
- International Brotherhood of Boilermakers & Blacksmiths
- International Brotherhood of Electrical Workers
- International Brotherhood of Firemen & Oilers
- International Longshoremen's Association
- International Organization of Masters, Mates & Pilots of America
- National Marine Engineers' Beneficial Association
- Railroad Yardmasters of America
- Sheet Metal Workers' International Association
- Seafarers International Union of North America
- Transport Workers Union of America
- United Transportation Union

I am here today to present to you the unanimous opposition of the members of the RLEA to the Reagan Administration's attempt through its Office of Management and Budget to destroy by the budget process an agency created by the Congress in 1934 and responsible for the peaceful resolution of tens of thousands of disputes in the railroad industry over the past 48 years.

By the simple method of lowering budget numbers by about $2 million the OMB would effect substantial amendments to the Railway Labor Act and drastically modify the processes of that Act which that have worked well for a very long time. Not only would the OMB require the participating parties to pay jointly for the services of neutral arbitrators at a claimed saving to the Federal Government, according to the Chairman of the National

Mediation Board, of some $1,140,000 per year; but the OMB also would cause the elimination of the very existence of a National Railroad Adjustment Board and the Special Boards of Adjustment as indicated in the recent letter received by the Chairman of the RLEA, Mr. Fred A. Hardin, from the Executive Secretary of the National Mediation Board and attached to this statement.

The advocates of the OMB proposal seem ignorant of the requirements of the Railway Labor Act with regard to the continuing operation of the NRAB. Section 3 First(s) of the Act reads as follows:

> "The several divisions of the Adjustment Board shall maintain headquarters in Chicago, Illinois, meet regularly, and continue in session so long as there is pending before the division any matter within its jurisdiction which has been submitted for its consideration and which has not been disposed of." (Emphasis supplied.)

There are now 2271 cases pending before the Board and some 14,000 cases pending before Special Boards and Public Law Boards. Section 4 Third provides that the National Mediation Board may pay all expenses for the operation of the NRAB including salaries, rent, supplies, etc. and that "all expenditures shall be allowed and paid on presentation of itemized vouchers therefor approved by the chairman [of the National Mediation Board]." With regard to the "referees" or "neutrals" selected by the parties or appointed by the National Mediation Board, the law requires the Mediation Board to pay their salaries or fees, and expenses. For example, Section 3 First(g) provides that the "neutral party selected . . . shall receive from the Mediation Board such compensation as the Mediation Board may fix together with his . . . expenses actually incurred . . ., or per diem allowance in lieu thereof . . . ." Section 3 First (l) states that the "Mediation Board shall . . . fix and pay the compensation of such referees." Section 3 First (x) requires that the Mediation Board shall pay referees of regional boards which may be established in the same manner and to the same extent as referees selected for or appointed to the Adjustment Board. And Section 3 Second which provides for the voluntary establishment of special adjustment boards requires the "neutral person so selected . . . [to] be compensated and reimbursed for expenses by the Mediation Board." The OMB would effectively remove these provisions by cutting the Board's appropriation to execute its statutory duties.

However, contrary to OMB's "Rationale" for its actions, the employees are not given a free ride through the arbitration process. The 34 members of the Adjustment Board and the members of the Special Boards - other than neutrals - are paid by the industry parties they represent. The cost to the industry - labor and management - of this statutory obligation is about $2 million per year and is about equal to the federal cost of maintaining the Board. Consequently, the Board is maintained on about a 50-50 basis by the federal government and the industry.

The OMB proposal advocates are quite clearly ignorant of the origins of that which they seek to destroy. The Railway Labor Act was designed to insure labor peace to the fullest extent compatible with the rights of management and employees in the rail industry. The continued operation of the railroads in the United States was, and remains, so uniquely essential to the welfare of this nation that the few times we have been faced with a nationwide railroad strike the Congress has intervened with the swift enactment of a law to prevent such a strike.

The law permits employees in other industries to strike over grievances or violations of their contracts or upon the expiration of their contracts; employees in the rail industry cannot do so.

The railroads were generally satisfied with the operation of the 1926 Railway Labor Act, hence it was difficult for Rail Labor to secure from them agreement to submit to Congress a joint proposal of amendment to correct defects in that Act. Eventually agreement was reached and, in addition to provisions prohibiting a carrier's interference with an employee's organizing rights, there was agreement to the establishment of a national adjustment board (as distinguished from system or regional boards) to be known as the National Railroad Adjustment Board. To secure that objective the railway unions were compelled to concede their right to strike over "minor" disputes, that is, disputes over the application and interpretation of collective-bargaining agreements. And, when in 1957 a union took the position that the Act gave it discretion to go to the Board or to strike over its grievance, the Supreme Court held otherwise and emphatically based its decision upon its conviction, clearly demonstrated in the legislative history of the 1934 Act, that labor had traded its right to strike over "minor" disputes for a standing national arbitration board created and maintained by the federal government. In Brotherhood of Railroad Trainmen v. Chicago River and Indiana Railroad Company, 353 U.S. 30 at 37 (1957) Chief Justice Warren, speaking for a unanimous, Court said:

> The change was made with the full concurrence of the national railway labor organizations. Commissioner Joseph B. Eastman, Federal Coordinator of Transportation and principal draftsman of the 1934 bill, complimented the unions on conceding the right to strike over "minor disputes" in favor of the procedures of the Adjustment Board. (Emphasis supplied.)

Recognition of this concession of the right to strike as the *quid pro quo* for a federally financed compulsory arbitration board is repeated throughout the two succeeding pages of the Supreme Court's opinion in the Chicago River case.

The entire scheme of the Railway Labor Act is very different from that of the Labor Management Relations Act because one of the former acts major purposes was, and is, to reduce the occasion for strikes in the railroad industry to an absolute minimum and it has been praised by legislators, the courts and legal scholars alike for the manner in which it has accomplished that objective - an objective which OMB would now destroy in order to reduce the federal budget by about three ten-thousandths of one percent or .0000034%.

The Office of Management and Budget is a wholly inappropriate agency to force substantive changes in a half century old statutory scheme through the device of the budgetary process. This arrogation of power by OMB becomes particularly offensive when it cuts such a destructive swath in areas where it has no expertise whatever in order to preserve so infinitismal an amount of federal budget money.

The Reagan Administration, thus far at least, has submitted only budget figures. It has submitted no proposed substantive legislation. Consequently, we are faced with viewing this situation as if only the budget will be cut rendering the National Railroad Adjustment Board non-functional.

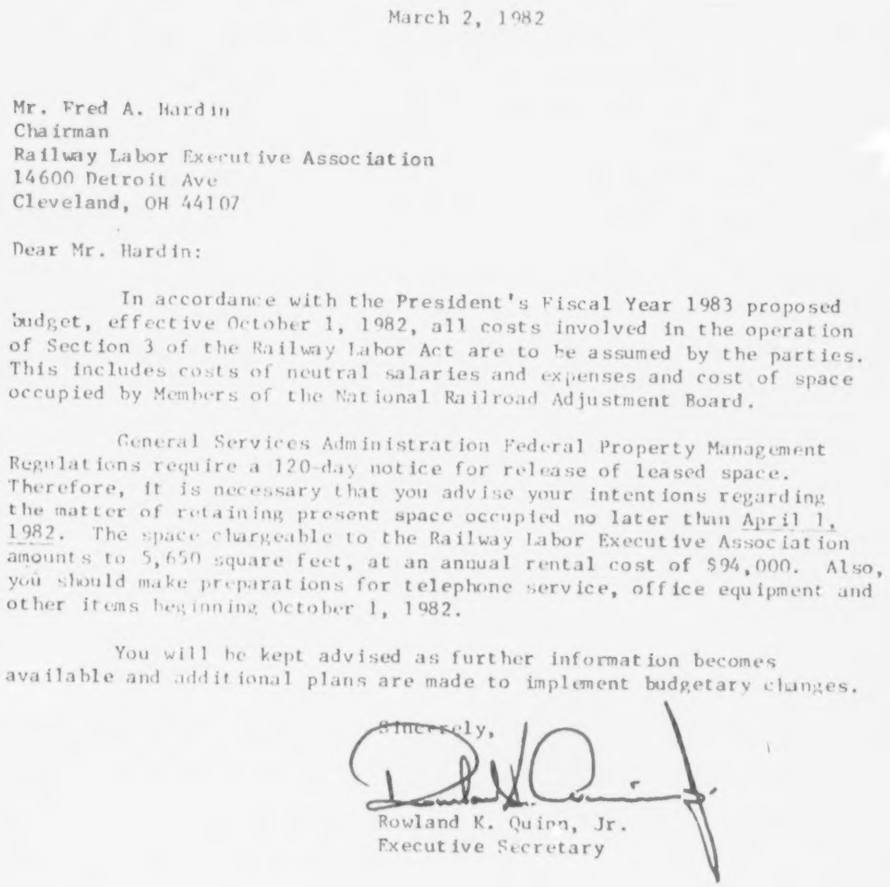
If this objective is accomplished the basis for the Supreme Court's decision in the Chicago River case will have been removed. There will be in law no compulsory arbitration requirement on management or labor in the railroad industry because there will be no place where the parties must submit their grievances to be arbitrated. Since the Chicago River decision held that rail unions cannot strike because of the existence of an arbitration board to which they must submit their "minor" disputes, it would seem quite clear that absent the existence of such a board, the rail unions will be able to strike over such disputes just as unions in other industries.

When one reviews the record of the Adjustment Board and the Special Boards of Adjustment created in 1966 and realizes that those Boards have disposed of some 110,000 disputes, any of which could have resulted in a strike, one can readily appreciate the salutary effect which the Adjustment Board has had on peaceful, stable labor relations in the rail industry. The OMB by ignorance or design would endanger or even destroy that peace and stability under the guise of saving the Federal Government $2 million annually.

In conclusion, we respectfully submit that the OMB's efforts in this area have been exercised in ignorance and viewed from any perspective will cause much more harm to this nation than good.

They are ill-conceived, ill-considered and ill-advised. They should be rejected by this Committee and the Congress. The appropriations requested by the National Railroad Adjustment Board through the National Mediation Board for the proper execution of their duties under the law, modest as those requests are, should be provided by this Committee and the Congress.

Thank you.



March 2, 1982

Mr. Fred A. Hardin
Chairman
Railway Labor Executive Association
14600 Detroit Ave
Cleveland, OH 44107

Dear Mr. Hardin:

In accordance with the President's Fiscal Year 1983 proposed budget, effective October 1, 1982, all costs involved in the operation of Section 3 of the Railway Labor Act are to be assumed by the parties. This includes costs of neutral salaries and expenses and cost of space occupied by Members of the National Railroad Adjustment Board.

General Services Administration Federal Property Management Regulations require a 120-day notice for release of leased space. Therefore, it is necessary that you advise your intentions regarding the matter of retaining present space occupied no later than April 1, 1982. The space chargeable to the Railway Labor Executive Association amounts to 5,650 square feet, at an annual rental cost of $94,000. Also, you should make preparations for telephone service, office equipment and other items beginning October 1, 1982.

You will be kept advised as further information becomes available and additional plans are made to implement budgetary changes.

Sincerely,

Rowland K. Quinn, Jr.
Executive Secretary

STATEMENT OF BRUCE CHRISTENSEN

Introduction: Mr. Chairman, it is an honor and a privilege for me to present testimony before you and your Subcommittee concerning appropriations for the Corporation for Public Broadcasting. Our association represents 294 public television stations charged with the public trust of delivering public service television which Congress said, more than a decade ago, ought to be available to every American citizen.

Public television is the most cost effective public trust institution in America. It reaches more Americans, more frequently, and more intensely than any other public trust because it is broadcast over the airwaves, entering the viewer's home free of charge, rather than being confined to a fixed geographical location, whose value can only be appreciated through travel.

It is not entertainment for the elite; it is just the reverse. It is the only American institution which guarantees an equal opportunity for enlightenment to all Americans, and thus, as Michael Rice says in his study for the Aspen Institute, breaking down the barricades of privileged access to learning, the arts, and other treasures of our human heritage. Because of public television:

Understanding the world around us and the mysteries of science is no longer limited to those who can pay the price of an African Safari or the tuition fees of an institution of higher learning. This knowledge is freely accessible without charge through NOVA, the Ascent of Man, Cosmos, Life on Earth and the National Geographic Specials.

The best of American theater and drama is no longer limited to those who can afford $20 to $60 for a single performance for a single person. On public television an American family can see all 36 Shakespeare plays, and a season of performances of dance and music--without the purchase of a single ticket.

And Americans across the country need not pay the subscription price of 50 page newspapers or the fees of a Wall Street banker to be fully up to date on public affairs and financial markets. They can simply tune their television sets to MacNeil/Lehrer and Wall Street Week.

Those who appreciate public service television mirror our society as a whole. 54% of the viewers are families with incomes between $10,000 and $30,000. The remainder of the viewing homes are evenly divided between those who earn less than $10,000 a year and those who earn more than $30,000. 25% of these families are headed by individuals without high school degrees; nearly the same percentage are headed by persons with college degrees. The racial balance of the viewing audience reflects that of the nation.

Those targeted for special attention are not the elite but rather the disadvantaged of all ages--children who are slow readers, young people in schools without enough science or math teachers, children who must adapt to a new or dominant American culture, young people who have dropped out of school, working and homebound Americans seeking once illusive college training, the physically handicapped and hearing-impaired and our senior citizens.

Ten million pre-school children watch Sesame Street every day. It is one of only two educational programs on television today for 2-5 year olds. Playful puppets teach counting, cooperation, sounds and letters as well as how to cross the street safely.

Six million children watch The Electric Company every day. Over 40% of these viewers watch it in school, making it the most frequently used educational television program in U.S. schools. Designed to make reading fun for 7-10 year olds, it is especially targeted to reach second graders in the bottom half of their reading class--the level the experts consider critical in heading off early reading problems. Before this program was used in the Lincoln Heights, Ohio, School District, 75% of the pupils in grades 1-3 were reading well below national reading achievement levels. By the third year of intensive use of the program, first, second and third graders were reading at or above national norms.

At a time when America's need for scientists, mathematicians and engineers is greater than ever before, young children view these professions as unattractive career goals--dull, lonely and rigorous. This is especially true of girls and minority children. 3-2-1 Contact was designed to correct this problem--to help children experience the joy of scientific exploration, to become familiar with styles of scientific thinking and to see science and technology as a cooperative human endeavor, open to all of them. Twenty-three million children watched the program at home in its first year; millions more watched in school and during the second and third repeat television airings.

Public television programming also compensates for the shortage of elementary teachers in fields ranging from health and nutrition to science, math, art and music. For example, Thinkabout strengthens fifth- and sixth-grade reasoning and study skills in the fields of mathematics and communications. The Community of Living Things and The Human Community, produced by Norfolk, Virginia's WHRO, will provide a year-long sequence ranging from energy origin, use and distribution to the biological history of lakes and forests and deserts available to 6th through 9th graders throughout America.

Post-secondary courses on television have created a new group of college students. At the University of Mid-America, a majority of students are women over 35 and many have young children at home. Their median family income is about $12,000. Nearly half have had no previous college experience. Nearly all were isolated from their educational achievement goals--by domestic demands or a regular employment schedule, by the shortage of funds, the fear of failure, or physical distance from regular institutions of learning.

At a special disadvantage are the 39 million Americans who have dropped out of high school. Nationally, about 150,000 Americans--in 43 states, in 38 Federal correctional systems and in the Army, Navy and Marines--utilize the Kentucky ETV's Graduate Equivalency Degree course every year. Since 1975, a total of 500,000 have used the course. Taxable income of those who received their degree is estimated to have increased by $396 million since the program's inception.

For children whose cultural heritage is different from that of mainstream America, public service television combines pride in the past with participation in the present. Under the provisions of the Emergency School Aid Act, a primary objective of this programming is to augment interracial and intercultural understanding and communication. From Jumpstreet explores the heritage of black music from its African roots to its widespread influence in modern American music. People of the First Light portrays the distinct cultural identities of more than ten American Indian tribes. Pearls combines historical facts and personal accounts of Americans of Chinese, Japanese and Filipino descent. Villa Alegre and Checking it Out have a bilingual format.

Hearing loss is the single most prevalent physical disability in America, according to the National Captioning Institute. At least 16 million of us suffer hearing impairments. PBS began its closed-captioning service two years ago with Masterpiece Theater and Once Upon a Classic and now 30 to 40% of its weekly programming is closed-captioned. According to a nursing home director in Santa Fe, New Mexico, closed-captioning has done more than dramatically increase TV viewing; it has made residents more confident to leave their rooms and participate in activities with others--venturing into the TV Room was simply the first step.

All this public service television programming has one thing in common--a significant dependence on Federal funding for program development. The Department of Education alone provided a total of $49 million to help fund thirteen seasons of Sesame Street and six seasons of The Electric Company. These programs are developed and used economically--only 30% of each year of Sesame Street is new programming and no new program for The Electric Company has been produced in the last five years. But future funding for this kind of programming is in serious jeopardy.

There are no technological or financial alternatives to substantial federal financial support of public television. Yesterday's myths of cable cultural diversity have given way to today's reality. Diversity in programming today means more sports programs, and more movies. It neither promises nor provides enlightenment for the mind. Just as importantly, it is neither accessible to all nor free to anyone.

Moreover, there are no alternative sources of revenue for public television. New Federalism is not the answer. Educational television developed at the state and local level. In FY1980, state and local governmental and educational support reached $218 million--$88 million more than the $130 million we are seeking from the Federal government. But state and local funding capacity is decreasing in response to reduced federal educational assistance and general economic conditions.

Moreover, state and local funds are provided to fulfill educational objectives, not to provide prime time programming. Over 90% of the public television licensees provide instructional programming. About one-third of all U.S. classrooms are regular users of these programs. The per pupil cost of elementary and secondary programming is substantially less than the cost of a single textbook. Over 20,000 students at four hundred fifty colleges and universities in 41 states enrolled in the first semester of seven Adult Learning Service college credit courses distributed by PBS. Even more important are the 650,000 households viewing the PBS adult learning programs each week who have not enrolled in these courses for college credit. In other words, 97% of the viewers of these programs are simply interested in expanding their educational horizons--they lack the means or desire to secure credit for their learning achievements. University of Mid-America studies show a similar pattern--for every one student who enrolls for credit, hundreds of other people simply view UMA courses on public service television.

Cost sharing among stations and use of volunteers is already substantial. The largest station now pays 30 times as much for cooperatively purchased programming as the smallest station. Volunteers and other sources of indirect income now represent 18% of our non-federal income.

Voluntary contributions from viewers and industry cannot fill the gap.

Reduced federal funding may well cause a reduction in underwriting dollars. Local public television stations receive 50% of the federal appropriation for CPB in Community Service Grants. They use over two-thirds of these funds for programs. In 1982, with an appropriation of $172 million, stations and underwriters pooled $57 million to purchase 25 programs for next fall. If stations spend the same percentage of their 1983 Community Service Grants for national programming with an appropriation of $137 million, they will be able to buy only 10 of these 25 programs. $26 million worth of underwriting for the remaining 15 programs will be lost.

During this spring's fundraising drive, the most highly viewed schedule in public television's history, viewer support reflected national economic conditions. This year, as in previous years, the average pledge for those able to give increased (to over $42 each). But unlike previous years, the total number of pledges dropped by an estimated 25,000.

The only way to maintain a national program service is through adequate Federal support. Without it, only the largest metropolitan areas may be able to generate enough voluntary viewer support to ensure continued availability of public television programming.

My final point concerns the impact of the 25% cut already approved by the Congress.

The Public Broadcasting Service is recommending a new four year plan to meet this cut. That plan reduces program distribution hours by 66%--from 15 to 7 hours a day Monday through Friday, from 15 to 3 hours a day on Sunday; no programming will be distributed on Saturday. Additional services will be available on a pay-as-you-go basis. So already stations outside the major metropolitan markets--who simply do not have access to a large population of potential contributors or major industry underwriters--are threatened with substantially reduced program schedules.

The potential loss of quality programming is equally dramatic. Stations will not be able to purchase such programs as Over Easy, for senior citizens; 3-2-1 CONTACT, the only science program for children; Firing Line, a promising new weekly documentary series; two new science series, three traditional music series and three new programs with a minority focus if they again spend an amount equal to 35% of their Community Service Grants with an appropriation of $137 million.

The quality and quantity of locally originated programming is in jeopardy because it is more expensive to produce. Most local productions outside the studio will be cut back or eliminated.

All programming apart from late afternoon children's programming and prime time programming is in jeopardy--programs for minorities like Presente, Up and Coming, and Say Brother; programs concerning public affairs like American Interests, From the Editor's Desk and Great Decisions; adult self-education like Julia Child's cooking, gardening, and woodworking; special cultural programming like Profiles in American Art and Live From Jumpstreet as well as captioned programming for the hearing impaired.

Conclusion

Last year, this Subcommittee and others asked where Congress should cut. This year, we suggest, it is Congress which must answer the fundamental question: Should public television be permitted to survive or not?

Other industrialized countries facing similar economic conditions have not taken the same approach as the U.S. In Canada, the per capita annual investment in public television is $17.21; in Great Britain, it is $15.54 per capita; and in Japan, it is $10.90 per person. By comparison, in the U.S., the federal contribution has already been reduced from 76 cents to 57 cents for each American--less than the cost of a box of popcorn.

Since the beginning of civilization, the arts, culture and education have been kept alive by the church, the crown or the state. The question before the Congress is whether our society has a responsibility to make our cultural heritage freely available to all through this unique medium. The choice before you is stark--the survival or demise of an institution which allows everyone, regardless of ability to pay or accident of locale, to appreciate the common heritage of mankind. The alternative is to reerect the barricades of privilege that public television has destroyed.

STATEMENT OF DAVID V. BRITT

Thank you for the opportunity to appear before you today. I'd like to address the problem of maintaining a minimum level of quality educational television programming for this nation's children.

Specifically, I urge you and your Subcommittee to:

- -- oppose any further rescissions in appropriations for the Corporation for Public Broadcasting for fiscal years 1983 and 1984;
- -- support CPB appropriations of at least $137 million for fiscal 1983; and $130 million each for 1984 and 1985;
- -- encourage the Department of Education to continue to reserve funds for educational television of at least $5 million for fiscal 1983.

I want to make clear that CTW has a strong and direct interest in these appropriations. Community Service grants from CPB will be used by public television stations to help support "SESAME STREET". In addition, we have proposed funding by CPB and the Department of Education for a second season of 3-2-1 CONTACT, our award-winning series that aims to make science more appealing and understandable to millions of America's 8-to-12-year old children.

I should make clear also that CTW itself is a major financial contributor to public television. Earnings from our licensing and international television activities help fund our educational programs -- next year CTW will fund almost 70% of the costs of delivering SESAME STREET, for example.

Why in a time of extreme budget stringency, should any public funds be allocated to educational or public television? The answer lies in the powerful reach of television as a mass medium.

Television is a powerful educator. In the field of our special expertise -- children's television -- documented independent research shows the significant gains in learning made my viewers of SESAME STREET and THE ELECTRIC COMPANY, our reading readiness series.

SESAME STREET, with more than nine million regular viewers, virtually saturates its target audience. 3-2-1 CONTACT reached a total audience of more than 23 million home viewers -- plus additional audience in the classroom -- during its first broadcast season in 1980. Repeat runs accumulated even more viewers.

The combination of educational impact and mass audience makes public television an extremely cost-effective educational tool. For example, the initial season of 3-2-1 CONTACT cost seven cents per viewer. This modest cost was cut in half in the first repeat broadcast of the series, and in half again in its next broadcast run. SESAME STREET, with its long broadcast run and wide appeal, costs less than a penny per viewer.

Let me add a word about the emerging role of the new technologies such as computers and video discs. These hold promise of adding powerful new means of providing education -- which CTW and other organizations are actively exploring. However, the excitment of new technologies should not obscure the fact that it will be a considerable time before access will be available to large numbers of children, especially including disadvantaged. At least through the 80's television broadcast will remain the technology which can deliver quality education to mass audiences on a cost-effective basis. It works, it is widely available and it is what most children will use to educate themselves. It would be ironic indeed if the promise of the long term future should rob our current generation of children the educational programming they need to learn.

CTW undertook to produce -- and help fund -- 3-2-1 CONTACT because of our firm belief that science education for young children is inadequate and that public television is a cost-effective way of helping to meet this problem.

America's industrial leadership rests on science and technology. But the hard fact is that these fields are not very appealing to America's young people. These negative attitudes translate into pools of professional talent inadequate to a technological age, and no less important, a general population which is scientifically illiterate even though it will be called upon to make critical choices about the uses of science and technology -- from nuclear power to genetic engineering.

In some areas we have lost our edge in science and technology. Japan, for example, now has 400 engineers and scientist for every 10,000 citizens. We have only 70. Japan, with half of our population is surpassing us in the total number of degrees in engineering. And in terms of productivity, Japan's is rising while ours is falling. I cite these developments to highlight the magnitude of the challenge we can expect to face for the rest of this century.

Adding to this bleak picture is the plight of our schools. Faced with tighter and tighter budgets, they are compelled to cut their education programs, and give an even lower priority to science -- because it is not considered an educational "basic". Well, science is basic to our lives -- and getting more so every day.

Due to prior appropriations by this Subcommittee and others, we now have $5.8 million of the $6.8 million needed to start work on a second season of 3-2-1 CONTACT. Eight hundred thousand dollars is being provided to the project by the Corporation for Public Broadcasting and the remaining million is to come from fiscal 1983 Department of Education funds. With the assurance of this last $1 million, we will be in a position to produce a second season of at least 40 programs, and we will do more programs if additional funds can be found from corporate sources. Therefore, I urge that this Subcommittee encourage the allocation of funds within the Department of Education to complete funding for season II of 3-2-1 CONTACT.

Children spend more time watching television than they do in school. Largely because of Federal support, public television offers them appealing and constructive alternatives to commercial programming -- alternatives they obviously want and enjoy. (Preschool children, for example, watch SESAME STREET more than any commercial program). The continued success of public television's daily afternoon "children's block" of programs provides a basic educational service that millions of youngsters use and enjoy.

Public television is not a frill or a luxury. It is an essential component of America's educational system.

The projected additional cutbacks now being proposed for the Corporation for Public Broadcasting will not only make it impossible to do vitally needed programming but threatens public television itself. This is the system that has made it possible for virtually every child in the country to have access to quality educational television programs. If, for whatever reason of the moment, this system is torn apart, then we will be denying our children the educational programs that they deserve and we need to build a better future for all of us. If destroyed, it will be impossible to ever get the system back together again.

Mr. Chairman, America's children are this country's most vital resource. Public television and the educational technology program of the Department of Education are now an integral part of their education. Kids don't vote, and they don't have their own lobbying group to speak out for them and their interests. They must count on this Subcommittee and the Congress to remember their needs. I hope you will continue to do so.

Thank you.

CONCLUSION OF HEARINGS

Senator RUDMAN. That concludes the hearings. The subcommittee will recess and reconvene at the call of the Chair.

[Whereupon, at 4:30 p.m., Thursday, May 6, the hearings were concluded and the subcommittee was recessed, to reconvene at the call of the Chair.]

MATERIAL SUBMITTED SUBSEQUENT TO HEARING

[CLERK'S NOTE.—At the instruction of Chairman Schmitt, the hearing record remained open for a period of time to accommodate those wishing to submit statements to be included in the published transcript.]

DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATEMENT OF LAWRENCE BOGORAD, PROFESSOR OF BIOLOGY, HARVARD UNIVERSITY

I am pleased to have an opportunity to comment on the important role the National Institute of General Medical Sciences has played in bringing bio-medical research in the United States to its position of world leadership.

My present position is Professor of Biology at Harvard University. I was on the faculty of the University of Chicago earlier and before that I spent two years as a postdoctoral fellow at the Rockfeller University in New York City.

My research interests are centered on biochemistry and molecular developmental biology. Developmental biology is the study of mechanisms for differentiation of one cell type from another and of one organ from another. Recent progress in molecular biology has provided tools and ideas for investigating the molecular basis of development. There's one more thing that I should add about the focus of my research activities. I have mostly studied plants.

As a postdoctoral fellow at what was then the Rockefeller Institute for Medical Research and subsequently as a faculty member at the University of Chicago, I studied steps in the biological synthesis of porphyrins, a class of complex substances essential for life. Heme of our hemologlobin is a porphyrin. Chlorophylls, the compounds in green plants that connect life on earth to the sun, are also porphyrins. In work supported first by the National Institute of Arthritis and Metabolic Diseases and later by the National Institute of General Medical Sciences, we found and studied two enzymes that play joint pivotal roles in an early stage of chlorophyll biosynthesis in plants. The unity of biology is so great at certain levels that the transfer of this knowledge could be almost immediate---these enzymes are involved in the same way in the biosynthesis of heme in humans as in the biosynthesis of chlorophyll in algae and flowering plants. Furthermore, it has turned out that abnormal relative levels of these two enzymes results in a human hereditary disease in which heme biosynthesis is upset. I believe that this is a good example of the benefit to the health sciences of broad support of basic biological research.

My current research interest---I've described it as molecular developmental biology---is mainly directed toward understanding an aspect of how cells of higher organisms work. One of the characteristics of cells of higher plants and higher animals, i.e. everything except bacteria and their very close relatives, is the presence of genes in the nucleus of the cell as well as in certain organelles that lie outside of the nucleus but within the cell. The organelles that have their own sets of genes are mitochondria (the cell compartments in which food-stuff molecules are "burned" and their chemical bond energy--(originally from photosynthesis)--is converted to forms more usable in processes necessary for the cell's growth and maintenance) and chloroplasts (where the chlorophyll is as part of the machinery for converting light energy into the food on which all organisms on earth live). But these organelles are not solely the product of their own genes; they are made in part of products of nuclear genes. These genetic systems, nuclear and mitochondrial in all cells plus the chloroplast genetic system in cells of green plants, are functionally integrated in some complex ways that we hardly understand yet. The health and development of cells of higher plants and animals including man depends upon the normal operation of these integrated systems. Integrating mechanisms are being studied in both plant and animals systems with the expectation that these lines of mutally reinforcing research will reveal the ways that expression of genes is controlled in the normal development of cells and is disrupted in diseases. Again, the basic processes we study in plants are very likely to help in the understanding of problems of human health.

The interrelatedness of all living organisms makes the study of the most basic processes in simpler organisms and plants pertinent to gaining greater understanding of the bases of human health and disease. Starting from knowledge of bacterial biochemistry and molecular biology there has developed a whole new industry whose products will benefit mankind and in which the U.S. now leads. Studies of basic molecular biology and biochemistry of organisms at all levels between bacteria and man--including yeasts and insects--have all added to our understanding of normal processes and the bases of many diseases. Additional understanding of basic physical processes in chemistry have helped make some of the biology comprehensible. Science is self-stoking. It is a bootstrapping operation in which a discovery in one field by one investigator may start a train of thought in someone working in an entirely different system and lead to the solution of difficult and previously intractable problems. The practice of science involves technical innovation and artistry. Innovative techniques and novel technical approaches as well as strong conceptual advances lie at the base of science. Different kinds of biological systems provide opportunities for different research approaches and different contexts from which insights can emerge.

Among the National Institutes of Health, the National Institute of General Medical Sciences has the special roles of recognizing the interdependence between basic research in chemistry and various biological disciplines on the one hand and the more strictly defined health sciences on the other hand and of supporting fundamental, undifferentiated research, i.e. research not targeted to the interests of one of the categorical Institutes. By its wise actions, with the consent and support of the Congress, the National

Institute of General Medical Sciences insures that there is a rain of new biological knowledge and has shaped itself into the watershed that collects and funnels fundamental biological knowledge gained from studies of diverse systems into the health sciences. The benefits have been tremendous and continued strong support of the National Institute of General Medical Sciences' program by the Administration and the Congress is essential for maintaining the research thrust in the basic sciences that underlie the understanding and practice of medicine.

The biological sciences in America have flourished over the past two to three decades that research in these areas has been supported by the Federal Government through agencies like the National Institutes of Health. The increasing excitement has brought more young people into the field and this influx has fed the excitement further. The National Institute of General Medical Sciences has played an important role in this growth not only by its direct support of undifferentiated research but also by providing training opportunities for the brightest of our young people via individual awards and training grant programs. I understand that of all the NIH training support this Institute supports two-thirds of the pre-Ph.D. research trainees and one-third of all the research trainees.

We now face a period of limited growth or, more likely, contraction of the enterprise. As Americans, we all recognize the necessity for limiting expenditures in order to help stabilize the economy. As scientists, we can see the importance of progress in our research for the health of our countrymen and for the future of the American economy. As Americans who are scientists, we feel obliged to point out to those who make the decisions about allocation of resources--i.e. the Congress--that there are important benefits for the country in supporting basic biological research and that the enterprise is fragile--it takes a long time for wounds to heal.

We do not know how much we can turn down the flames of excitement without killing the fire. We do not know whether or how much we can bank the furnace without turning it off. In the past few years 5,000 National Institutes of Health grants per year has been accepted by the Congress as a number that would keep the system viable. Would it be damaged seriously by a reduction of 15-20%? After several years of austerity, many excellent proposals for important research projects are already not being supported. Investigators proposing these projects cannot remain at the forefront of their fields if funds are not available for them to continue working. A reduction now would lead to the loss of more skilled and innovative individuals--the losses would become permanent very soon. A new low level of support would mean, too, that ideas for research programs in new fields proposed by experienced investigators and proposals by beginning investigators are both likely to have a much harder time being funded than before. After the past several years of tightening budgets that has led to the inability to fund many excellent research proposals, a reduction of 15 or 20% in the number of research projects would be very likely to lead us into a period of very few new adventures and many missed opportunities. A reduction in financial support of research would also decrease the number of places for bright young people and it is not clear that American biological research can maintain its present high quality if a generation of scientists is lost. The effects of such losses, in exaggerated form from the point of view of the

United States, is easily seen as The People's Republic of China tries to recover from the Cultural Revolution. A shutdown or even some major slowdowns take a long time to recover from. Losing new ideas and young people could mean losing the lead.

It seems ironic that after investing large amounts of money and talent to bring the United States to a position of leadership in bio-medical research and to bring the entire field to the brink of delivering many more benefits for mankind and commercial benefits for this country, that we would be leaving the field to other countries. The Japanese, for example, are beginning to put more funds into the kinds of research that we are likely to be doing less and less of and they and other countries are trying to capitalize on the commercial aspects of the new biology that U.S. taxpayers have paid to help create.

Finally, the vulnerability of the biological research enterprise deserves a few more comments. Training a research biologist takes four years of undergraduate work, about five years of graduate work leading to the Ph.D. and commonly two to three years of postdoctoral work. During part of the graduate study period and during the postdoctoral period individuals are being trained but are also producing new knowledge. The perception by the brightest young people that there will be little opportunity for their research to be supported is likely to keep them out of the field--they will not enter graduate school. If one wants the system going again, there would be a lag of seven or eight years before new trained people can come in as independent investigators. I have already mentioned the fact that individual investigators who have no funds available cannot survive long before falling so far behind the field that they are discouraged from re-entering. How much can the biomedical research enterprise be turned down without losing our momentum and sliding backwards? We don't know but the circumstances should caution against making abrupt large changes. If we can't be sure of where the edge of the cliff is, we should take small steps rather than large leaps.

In summary:

1. Health sciences in this country have benefitted from strong support of broad basic research in biology and chemistry.

2. Within the NIH structure the National Institute of General Medical Sciences plays the unique role of providing major support for fundamental, undifferentiated biological research that underlies the health sciences. The importance of undifferentiated research as a probe into new areas and a foundation for targeted research and the applied sciences cannot be overemphasized. The Congress and the Administration need to support the National Institute of General Medical Sciences' efforts.

3. The National Institute of General Medical Sciences has played a leading role in providing opportunities for the brightest young people to be trained at pre- and post-doctoral levels to carry on research in the biological sciences. This has been an important element in strengthening the field and in raising it to its present high quality in America.

4. The damage to the basic biological research enterprise of a major reduction in support at the present time could take a long

time to reverse because of the long training periods for new investigators and the losses of experienced people from the field. In the meantime, the base of knowledge built up at the expense of American money and talent will be increasingly exploited for commercial purposes by foreign countries.

5. In the face of these issues, it seems prudent to proceed cautiously with any reduction that may seem necessary. Knowledge gained from research on basic problems is needed for applied research and applied sciences like medicine yet the more exploratory the research, the longer it may take to bring to fruition; of all the possible reductions that might be made it would seem least wise to reduce this part of the enterprise and to take steps that would reduce the attractiveness of careers in biological research. It's the excitement, challenge and promise that brings good young people in despite the modest financial rewards and the demanding nature of the discipline.

STATEMENT OF MRS. SYLVIA N. RACHLIN, EXECUTIVE VICE PRESIDENT, MYOPIA INTERNATIONAL RESEARCH FOUNDATION

THE MYOPIA INTERNATIONAL RESEARCH FOUNDATION urges increased dedication to all research that would promote early detection, treatment and prevention of eye disorders. Healthy eyes in childhood offer greater promise for a happy and productive life.

Deep is our concern for public health and, more particularly, eye care. Americans spend over five billion dollars annually for eye care. In addition, eye disorders account for suffering in individuals and their families that is beyond all statistical measurement.

The Myopia International Research Foundation has, therefore, sought and secured the joint support of consumer groups in its crusade on behalf of high standards of public health and eye care.

The Myopia International Research Foundation is convinced that research into the causes, treatment and prevention of myopia could revolutionize the entire practice of eye care and promote the prevention of blindness. Moreover, results of research reduce the tax burden and restore the handicapped to tax rolls. The greater the investment, the greater the return, even in these times.

We, therefore,appeal to this Honorable Committee that it give its generous support to the requests of the National Eye Institute to make possible adequate grants for research. The returns will prove most beneficial to our national health and economy.

Mr. Chairman, as an important aside, I wish to congratulate this Honorable Committee for its record of steadfast support of eye research. Thus, American eye research will be in the forefront on all programs as eye specialists from all the world convene in their quadrennial Congress in the United States this fall.

PERTINENT FACTS

The Myopia International Research Foundation, Inc. launched the first comprehensive, interdisciplinary research program in the United States into the causes, treatment and prevention of nearsightedness.

Our immediate goal is to save the eyesight of more than one million American children (besides millions around the world) who are doomed to blindness because of progressive, pathological myopia for which there is no known cure. This, we are doing with the cooperation of doctors in the United States and elsewhere throughout the world.

The Myopia International Research Foundation sponsored the First International Conference on Myopia in 1964.

Since 1965 the Myopia International Research Foundation has appeared before Appropriations Sub-committees of the U.S. Senate and House of Representatives appealing for increased support of eye research through the National Eye Institute. In recent years, the Foundation has been one of the two Public Witnesses invited by these committees to present testimony on needed eye research for the entire nation under the National Eye Institute.

The Myopia International Research Foundation has been invited to exhibit at conventions of the American Academy of Ophthalmology and Otolaryngology. An increasing number of ophthalmologists has become interested in our Program.

By invitation, the Myopia International Research Foundation has had exhibits at the International Congresses of Ophthalmology. These presentations were enthusiastically received by eminent doctors from all continents.

The Voice of America broadcast details of our Program to all nations on two occasions.

Through gifts of printing, Myopia Research Papers are published and distributed without charge to interested doctors throughout the world.

The Myopia International Research Foundation is idealistic in its operation. No money whatsoever is spent on any administrative salaries or professional fund raisers.

Our intensive efforts continue daily to help widen the channels of communication among doctors interested in myopia research.

STATEMENT OF FREDERICK DAUM, M.D., ON BEHALF OF THE NORTH AMERICAN SOCIETY FOR PEDIATRIC GASTROENTEROLOGY

As the only professional organization which represents pediatric gastroenterologists in the United States, the North American Society for Pediatric Gastroenterology is pleased to give testimony to Congress on behalf of children with digestive and hepatobiliary disorders. The Society includes approximately 150 gastroenterologists, hepatologists, and nutritionists whose aims are the clinical care of children from birth through adolescence, education of trainees, and clinical and laboratory research.

The list of digestive illnesses in the pediatric population is exhaustive and, on the surface, may appear to be little different from that which applies to adults. However, this is not the case. What differentiates disease in children from that in adults is the fact that children are developing organisms, both physically and psychosocially. Adult disease superimposes some degree of dysfunction on a fully mature, already grown individual. The goal of research is to alleviate or reduce this dysfunction. Pediatric digestive disease, on the other hand, may be congenital, thereby, affecting fetal maturation, or may be acquired as in the adult. However, acquired illness in children often leads to severe impairment nutritionally and delay in somatic growth and development. This delay in physical and pubertal maturation may have far reaching consequences on all aspects of development including the psychosocial process.

In the adult, the physician usually deals only with the disease process and the patient's response to it. In the child, there is the added burden of making sure that the disease does not hinder the achievement of normal psychosocial growth and development especially as the patient attempts to achieve the normal tasks of toddlers, young children, and adolescents.

Children are not merely little adults, and funding agencies must take this into consideration when allocating limited resources. Research into the causes and treatment of adult disease is often not applicable to the problems of children. While cirrhosis is cirrhosis, research into alcohol as a cause of end stage liver disease is inappropriate for children. What is appropriate is funding to prevent or effectively manage extra-hepatic biliary atresia, a liver disorder manifested within the first few weeks of life which kills more children under the age of one than leukemia and cystic fibrosis combined. Similar analogies exist also when one considers diseases of the esophagus, stomach, intestine, pancreas, and immunologic organs.

The government should recognize that pediatric gastroenterology is a bona fide subspecialty which developed because of the needs of both patients and their families. As such, the problems with which we deal are unique in children, and the approach to research and treatment must be suitably tailored to these special needs. This can only be done by designating sufficient funds specifically for this purpose.

STATEMENT OF THELMA KING THIEL, VICE CHAIRMAN AND EXECUTIVE DIRECTOR, AMERICAN LIVER FOUNDATION

Mr. Chairman, I am Thelma King Thiel, Executive Director and Vice Chairman of the American Liver Foundation and Founder and Director of the Dean Thiel Foundation for Liver Research. I represent thousands of members of these foundations most of whom suffer from liver diseases.

I ask you to picture a little boy, three years old tripping over a toy . . . falling and breaking his hip. A Vitamin D deficiency caused by his liver disease made his bones very fragile. This was the second fractured hip he had had in two years.

A body cast was applied and that in itself doesn't sound so terrible . . . but this little boy's liver disease caused him to itch from head to toe, night and day. One day he asked his Mom to take his foot off cause it itched inside. Can you imagine feeling like ants are crawling all over your body and being confined in a body cast. My son, Dean, endured this kind of suffering and much more before he died at the age of four.

Cathy, a little 12 year old girl with another incurable liver disease, has to have her legs wrapped in bandages every night and mittens put on her hands to prevent her from scratching herself raw in her sleep. Her Mom found out recently that she had turned down an invitation to a slumber party because she was ashamed to let her friends know about her problem. Classmates have nicknamed her Bugsy because she is constantly scratching herself. Cathy's tomorrows are not full of the joy of living . . . each day is a struggle to cope with her liver disease.

The itching associated with many liver diseases is unbearable . . . and for the most part uncontrolled by any medication currently available. These patients, some of them almost suicidal and thousands of others with many incurable liver diseases, are desperately in need of help . . . help that is not available. They are also desperately in need of HOPE.

At a recent meeting of the American Association for the Study of Liver Diseases about 50 liver patients walked through the research poster session area with me. They saw young scientific investigators describing and defending their research projects . . . being challenged by older, more experienced researchers . . . sharing ideas and stimulating one another to investigate new areas of liver research.

It was exciting . . . and to say the least . . . it was encouraging to the liver patients, many of whom had been told "We don't have the answers now . . . just wait a few years". Gentlemen, these patients don't have a few years to wait for answers. Six months from now may be too late.

Having rubbed elbows with many liver researchers, these patients came away from this experience with uplifted spirits and a desire to help raise more money for liver research. They were truly motivated as I am sure all the volunteers in our lay organizations are. There is an extreme sense of urgency. Each day is critical. We are all working feverishly to generate more support for research. Our dedication is matched only by the dedication of the scientists conducting their research.

Our voluntary action will continue to press harder and harder because we know that the researcher without support is stopped dead in his tracks. We can't afford to let this happen. The researcher who is lost may be the one who held the key to a cure that could one day save your life . . . my life or the lives of our children.

We feel that the kind of technology transfer that occurs at the professional meetings such as the American Gastroenterological Association and the American Association for the Study of Liver Diseases annual meetings could be an everyday occurance if Digestive Disease Centers were established. The experience of the Arthritis and Diabetes Centers has proved most beneficial to the stimulation of more research in these areas.

The recent improved survival rate of liver transplant patients is a result of research efforts on a drug called Cyclosporin A. Only one liver transplant surgeon has done more than a handful of transplants in this country. Organs for transplants are available . . . the shortfall is in facilities and trained personnel to perform the procedure. Being placed on a waiting list for a liver transplant is like being placed in a lottery for your life. Digestive Disease Centers could help train more physicians in the special surgical skills required, making this life saving procedure available to many more critically ill liver patients.

We ask that the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases be funded at the level of $420 million and that you advise NIADDK in your bill report language to support Digestive Disease Centers and an Epidemiological Data Program. For some unknown reason NIADDK has been treated as a STEPCHILD. We have a lot of catching up to do . . . we need YOUR SUPPORT to do so.

I thank you for giving me this opportunity to share our concerns with you.

STATEMENT OF THOMAS C. MERIGAN, M.D., HEAD, DIVISION OF INFECTIOUS DISEASES, STANFORD UNIVERSITY SCHOOL OF MEDICINE

I am Dr. Thomas Merigan, the Becker Professor of Medicine at Stanford University. For several years I have studied a substance that occurs naturally in the body, called interferon. It is a protein produced by infected cells to inhibit virus infection of nearby healthy cells. In the last several years you have undoubtedly become aware of this substance as a potentially useful anticancer and antiviral substance. It is under preliminary investigation in man. Present clinical trial results are encouraging in both areas, although they are limited as to scope in the antiviral area because of the decreased availability of funds for clinical investigation within the National Institute of Allergy and Infectious Diseases. There is a particular need to determine the practical value of using interferon produced by recombinant DNA techniques against viral diseases. This is particularly true in treatment of respiratory diseases, because recent British data have confirmed interferon's action against the common cold in man and we lack other measures to control such diseases.

Although not as well publicized, very exciting findings also have recently been reported in regard to the fundamental properties of this material. Several different types of human interferon have been completely purified and their structures and properties evaluated. Not surprisingly, this has led to a much clearer understanding of the way interferon acts against viruses at the molecular level. Other advances have been made; new findings suggest that interferon functions not only as a naturally occurring host defense but as a regulator of cell division and differentiation, particularly in immune cells. Perhaps this explain why it acts against cancer. Many interferon genes have been isolated, cloned and expressed in bacteria. In fact, human interferon produced by such bacteria containing recombinant DNA has been observed to have the same beneficial antiviral and antitumor effect of the crude material which was used in the initial clinical studies. The cost of production of bacterial interferon is much less than the natural material and large scale production possibilities are virtually unlimited.

I am sure you have also heard of the unprecedented commitment by the American Cancer Society of 7.4 million dollars to purchase interferon for clinical trials. In addition, thanks to your additional funding two years ago, an expanded clinical evaluation program has been set up by the National Cancer Institute. However, there is still need for increased funding to the National Institute of Allergy and Infectious Diseases. Viral infections remain the greatest cause of illness in Americans and there are very few drug active against these agents. Closely directed or targeted research in that Institute could expand the scope of basic investigation of the interferon system as it relates to viruses and immunity. Additional funds will also allow that Institute to contract for clinical trials in new areas of infectious disease. However, directed research in the form of contracts has decreased from 10% to 5% of the National Institute of Allergy and Infectious Diseases extramural research budget in the last 4 fiscal years.

I believe the commitment of $30,000,000 to the interferon area should be a high priority and can only occur if additional funds are added to the Institute's budget. I believe we should not compromise other important efforts of that agency by diverting funds from other projects. My experience on study sections indicates that clinical projects do not receive the high priority that basic science projects do. Hence, I feel the latter are best supported by contracts which allow the NIH staff more direct control and monitoring of studies which is ideal for the best results.

I feel we can only fully exploit the clinical potential of the interferon system against viruses if we also have much greater understanding of its mechanism of action and method of production. For example, the findings that interferon modifies the immune system and tumor cell growth have opened up whole new fields of investigation which much be pursued if its optimum use in treatment of patients is to be achieved. The fact that interferon alters the function of uninfected cells has revealed the existence of previously unknown pathways of control of gene expression within cells. This could potentially be as important as our insights into the mechanism of replication of DNA gained during the 1960's, and of the metabolic pathways for carbohydrate, fat and protein discovered during the 40's and 50's. It is quite possible other methods of affecting this sytem, which may have clinical application, will be identified in future years --if additional funding is provided to expand present studies.

In prior years I told your Committee about our studies at Stanford University injecting interferon into patients with various serious viral infections to see if we could modify disease. Our studies to date indicate that a type of interferon made from human white blood cells, and hence called human leukocyte (white blood cell) interferon, has great potential in treating a variety of human viral infections, including hepatitis and several herpes viral diseases. I also did work 10 years ago at the Common Cold Unit of the Medical Research Council in Salisbury, England. There I collaborated with British investigators to evalute the possibility that, if this material were sprayed in the nose, it would inhibit the infection of humans with respiratory viruses. The studies demonstrated for the first time that the common cold virus could be inhibited in man. At that time we used most of the crude leukocyte interferon available in the world for an experiment on 32 patients. Now the work has been repeated and confirmed both with monoclonal antibody purified leukocyte interferon and with a pure recombinant DNA produced species which is much less costly to produce. The decreased cost of bacterial interferon means it is now possible to explore its potential as an over-the-counter treatment for a disease, the common cold, which is responsible each year for ½ of a billion last work days in our country. This agent deserved trials in influenza and other more serious respiratory tract viral infections as well.

I have been funded for my work in both clinical and basic aspects of interferon research by the National Institute of Allergy and Infectious Diseases since I began studying the substance at Stanford in 1963. Currently I have underway a 5 year controlled trial utilizing interferon in hepatitis B virus treatment, a program funded by that Institute's Antiviral Substances Program.

I have watched the important and synergistic interrelationships between industry and government in development of antiviral drugs. The National Institute of Allergy and Infectious Diseases has interacted with industry in both vaccine and antiviral drug development. A government agency can set long- term standards for the whole field in a manner that one firm can not do. In addition, the government has provided a continuing mechanism in which academic scientists can come together for joint projects and long term efforts which are not possible for a private sector organization which understandably focuses on the development of one or another patentable product.

There are important other areas of viral disease in which interferon's role has not yet been sufficiently explored. We have been able to eradicate infection from some of the chronic hepatitis B patients we have treated. Such efforts seem worthwhile against other chronic viral infections, such as herpes viruses, which virtually all of us have today in our body. These agents usually bother us only occasionally with cold sores, genital herpes or other minor difficulties unless our host defenses are weakened by cancer, or by certain therapies which decrease our immune response. In that setting, herpesvirus infection can be a fatal disease so development of effective therapy is quite important. Our recent controlled trials have indicated interferon is useful both against chickenpox in children with leukemia and shingles in lymphoma patients.

Cytomegalovirus, another herpesvirus, is the major infection cause of mental retardation and deafness in infants. We have found that this virus can be suppressed in man by interferon treatment. This same virus also produces problems in our heavily immunosuppressed heart transplant patients at Stanford and interferon should be explored--in both these settings--in larger scale studies to see if eradication of the infection will benefit these patients and/or prevent spread of the agent to others. I also feel it is of great importance to see if interferon will lower the mortality of rabies infection in man if it is given early in the disease. At present I am studying such a treatment in collaboration with the Center for Disease Control in Atlanta in the few Americans with this disease and in an overseas study at the University of Sao Paulo in Brazil.

A response to interferon which has been reported in anecdotal observation is an improvement in juvenille laryngeal papilloma or warts. The NIAID needs additional funds to support a formal controlled trial which they already have taken through preliminary contract solication and selection of an institution to perform the study.

All these clinical studies, as well as the basic work, need to be supported through additional funding to the National Institute of Allergy and Infectious Diseases. Unfortunately, your past legislation only made an award to the National Cancer Institute for extending its studies of interferon in the treatment of malignant disease. Beginning in the late 60's the National Institute of Allergy and Infectious Diseases supported the initial studies of this material in the United States, and it would be quite unfortunate if their important work could not be expanded now that a full scale exploration of interferon's potential is so near at hand. We speak of the so-called "drug lag" in the United State and often the FDA and restrictive legislation is blamed. On the other hand, it must be recognized that European and Japanese science, including clinical investigation, has improved greatly in its quality in the last two decades. American science and technology leadership is being challenged in many different areas. Interferon is an agent which seems quite likely to become an important drug. An increased commitment to support of this area, both at the clinical and fundamental basic science levels, is required if we are to continue to lead in this area and adequately extend our present studies. Leadership in the area of biomedical investigation has been an asset to our country in the past, and the failure to sustain or, in selected instances, to expand support can only have an adverse effect in economic as well as medical terms. I hope my testimony leads you to make an increased appropriation to the National Institute of Allergy and Infectious Diseases for the purpose of expanding its interferon and antiviral studies.

STATEMENT OF ANDERS RICHTER, EDITORIAL DIRECTOR, JOHNS HOPKINS UNIVERSITY PRESS

I am aware that continuation of funding of certain programs of the National Library of Medicine under the Medical Library Assistance Act of 1965 is under consideration of the Congress, and it is in that regard that I am addressing you. Please provide for this letter to be entered in the public record.

My concern is with the Publication Grant Program of the National Library of Medicine, particularly. This program has for its rationale the extension of existing information about and understanding of biomedical processes to practitioners, professors and students in the American medical profession. The dissemination of such data and interpretation of data, whether from foreign printed sources or from the acquired knowledge of biomedical investigators, is of special importance for American medical scientists engaged in research. This program has for its objective the engagement of private sector American publishers in the effective distribution of biomedical literature which has been evaluated as significantly useful by representatives of the American medical profession. The mode of cooperation between public sponsorship and private channels of distribution is designed to achieve an optimum of public benefit and costs. This program has for its justification the high initial costs of preparing and of reproducing specialized biomedical information and concepts which provide significant value for relatively small numbers of American medical scientists. In the absence of public support, the economics of publishing much of this material would be prohibitive.

It should be clearly understood by the Subcommittee that this program is not competitive with the activities or interests of the private American publishing industry, whether commercial or not-for-profit. Indeed, it is supportive of private publishers through the provision of financial assistance to authors in their preparation of manuscripts which are subsequently submitted for private sector publication, and in the less-frequent provision of partial subvention of production costs for publishers. The support of authorship is of indirect but greater importance for publishers, as we are fundamentally dependent upon the creativity of scientist-authors. Such authors frequently are hard pressed for the time and resources to devote to the writing of books, and their production of works of benefit to science and the public welfare has been stimulated by support from the National Library of Medicine. The publication grants directly in support of partial publication costs of publishers have enabled the publication of a significant number of works of high quality scholarship in the biomedical sciences that otherwise could not have been priced competitively for distribution in the private publishing sector.

The Johns Hopkins University Press has cooperated with the National Library of Medicine in a number of projects of both kinds. Several of our authors have written works of high quality with the support of the program, and we have effectively published their books. In other cases, we have been enabled to overcome the prohibitive economics of publishing books of specialized scholarship through grant assistance from the program. By such cooperation, we and other publishers have disseminated current knowledge to

American medical researchers; this is an implicit economy for medical consumers at large. There is, further, the operational economy of engaging private publishers in the cost of distributing a public good. Termination of the Publication Grant Program would result in a system-wide diseconomy.

Joint Statement of the American Academy of Pediatrics, American Pediatric Society, Ambulatory Pediatric Association, Association of Medical School Pediatrics Department Chairmen, and the Society for Pediatric Research

INTRODUCTION

My name is Dr. Abraham Bergman, and I am a pediatrician in Seattle, Washington. It is with some concern that I appear here today on behalf of the child health medical community, because appropriations aimed at promoting the health of mothers and children are, understandably if not defensibly, at a crossroads.

The Administration, in its zeal to fuel defense spending and cut taxes, has saddled Congress with seemingly insuperable budgetary problems -- and of consequent necessity funds for cost-effective maternal and child health initiatives are suddenly suspect.

Children find themselves falling through the cracks, and this is not as it should be. Federal support for such pursuits as childhood immunizations, critical programs in the new maternal and child health block grant, and the National Institute for Child Health and Human Development is not only at one with HHS Secretary Richard Schweiker's avowed emphasis on "prevention," it remains manifestly in the public interest.

IMMUNIZATIONS

By way of illustration, consider the most recent rubella (German measles) epidemic: it affected 30,000 children, many seriously, and required $2 billion in special care. Yet the Administration dubiously persists toward tightening the federal role in this regard. If the President's proposed funding level of $28.8 million holds sway during fiscal 1983 for the Childhood Immunization Program, vaccine delivery to children would be reduced to intolerably low levels. The 7 percent cut in the program imposed this year already has caused a 32 percent drop in vaccine purchases; meanwhile, the cost of vaccine has increased by 44 percent during the past two years. As a result, 33 percent fewer children are being served.

The child health community thus requests that Congress set aside $32 million for childhood immunizations, a sum which essentially would continue the program at its current level. To allocate less flies in the face of compelling documentation that indicates an inverse relationship between federal support for vaccine programs and the incidense of diseases at issue (namely, polio, mumps, measles). Fairer funding means fewer cases -- indeed it is estimated that immunizations against measles alone yield a $10 benefit for every $1 the government spends. Lives are saved; cases of mental retardation are prevented; hospital days and physician visits are averted.

Well worth underlining is that within three years of the onset of federal support for childhood immunizations in 1966 the United States enjoyed a 90 percent reduction in reported cases of measles. But funding for the program was cut in 1969. The result: the number of measles cases doubled in 1970 and tripled in 1971. Only when adequate federal funding was restored the following year did reasonable control of the disease resume. By last year a record low was reached. and the elimination of indigenous measles in this country now looms as an attainable goal.

Our society simply cannot afford, morally or economically, to turn its back on the 3.5 million children born here each year. Based on past experience, these cuts proposed by the Administration would prove terribly costly and cruel -- costly in direct dollar terms to all of our citizens for many years to come, and cruel to the unfortunate victims and their families for a lifetime. No one can quantify the pain associated with these illnesses. Deafness, blindness, cerebral palsy, retardation and severe emotional disturbance can destroy children and their families. When the capacity to prevent these conditions is at hand, failure to protect our citizens is doubly cruel.

> RECOMMENDATION: That the federal Childhood Immunization Program be funded at $32 million for fiscal 1983, a "no-growth" sum but one eminently preferable to proposed cuts.

MATERNAL AND CHILD HEALTH

The case for full funding of the maternal and child health block grant is no less cogent. Programs in the block provide grants to states to assure that mothers and children (particularly those with low income or with limited availability to health services) have access to quality maternal and child health services. Efforts are directed at reducing infant mortality and the incidence of preventable diseases and handicapping conditions; at providing preventive services such as immunizations and health assessments for low-income children; at quality prenatal, delivery and post-partum services, and at rehabilitation services for blind and disabled SSI children. Moreover, a percentage of the funds is set aside for projects of regional significance, including research and training for genetic disease testing, counseling and information development, and hemophilia and diagnostic treatment centers.

The President proposes to hold support for the MCH block at its current level, $347.5 million (although if WIC is lumped in and slashed by one third, as he also favors, funding for the block would amount to $1 billion). The child health medical community submits that an increase to $373 million is imperative if the pivotal programs in the MCH block are to remain effective -- after all, even that figure represents a 22 percent spending reduction from the amount allocated for these programs during fiscal 1981.

The 30 percent cut in MCH funds via the 1982 budget already has led to a nationwide curtailment in health care services to children: fewer children are being served and the number of staff and facilities to provide such services is being curbed. It is estimated, for example, that 1800 children in Iowa will not receive medical care for such problems as congenital heart disease, hearing loss, cystic fibrosis and muscular dystrophy because of cutbacks in the state's crippled children's program. In New Mexico the health department estimates that 350 fewer high-risk pregnant women and 100 fewer high-risk babies will receive prenatal care.

Sound public policy demands remedy to this censurable circumstance. Just two years ago, recall, maternal and child health programs reached nearly 15 million mothers and children with services ranging from basic prenatal care and checkups and immunizations for children to the most sophisticated types of medical care for crippling childhood disease and newborns in need of intensive care. It is our hope that members of Congress will take the long view of their pending budgetary decision and reject current White House funding proposals which would only compound recently imposed deficiencies in maternal and child health programs.

> RECOMMENDATION: That funding for the MCH block grant be increased to $373 million, itself a 22 percent reduction from the fiscal 1981 outlay for these programs.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

Research into the health problems of infants and children unfortunately does not command the high visibility of research into the causes of individual diseases that kill and cripple; nevertheless, few areas of medical research hold greater promise than that focusing on pediatrics. Mortality figures show that the illnesses of infancy rank high among the causes of death. During the period from the last eight weeks of gestation through the first year after birth, the mortality rate is 3400 per 100,000 after which it drops dramatically. Not until age 65 does the death rate again rise to match the high level of early life. The diseases of infancy are generally different from the diseases of old age, but they kill at the same rate -- and that rate is higher than for any other age group. Moreover, surviving the diseases of infancy often leaves the victim handicapped for life, physically or mentally. Thus, research devoted to finding solutions to these problems contributes greatly to what is among the supreme goals of medical science -- preventive medicine.

The federal investment to support pediatrics research at the National Institutes of Health clearly can be justified on humane grounds alone, but in addition there are savings that can be realized, both in health care costs and in avoiding the disabilities that now prevent some children from growing up to be productive members of society. Consider these costs currently incurred in just a few of the areas being addressed by researchers in pediatrics:

- Babies born too soon or too small cost the American public at least $8 billion annually for intensive hospital treatment.
- Serious birth defects affect more than 150,000 children per year, costing billions of dollars in hospitalization, rehabilitiation, and custodial care that may last a lifetime. From 3 to 5 percent of all children born are affected with a serious birth defect.
- Abnormalities in learning capacity, including mental retardation, dyslexia and other disorders, require lifelong attention and result in unproductive lives. Each year, 100,000 children are newly diagnosed as mentally retarded. And as many as 15 percent of American students -- 1,200,000 children -- have dyslexia.

Prevention of these major disorders, which could save billions of dollars in treatment, hospitalization, and loss of work time, depends upon efforts focused on early life. There are no instant breakthroughs to cope with these age-old problems that afflict children and their families, but there are promising advances. You may have seen the reports in recent months of the first cases of successful fetal surgery. In future years, as techniques in fetal medicine are improved, we hope to be able to correct certain malformations while the fetus is still in the womb, and thus permit normal development and birth of a child who otherwise might have been lost.

Studies are also under way to try to ascertain why diabetic mothers have a greater risk of bearing children with birth defects. The National Institute of Child Health and Human Development (NICHD) has begun a multicenter project to monitor diabetic women before they become pregnant and, thereafter, through the course of their pregnancies in order to devise methods for limiting this risk.

Advances in the prevention of mental retardation are well known and continuing. Genetically-caused mental retardation resulting from phenylkentonuria (PKU) has nearly been eradicated by a simple screening test of newborns and an effective dietary treatment. A similar screening test has been developed for another genetic problem, hypothyroidism, which if left untreated results in severe mental retardation. Research is continuing as well on Down's syndrome, the most common genetically-caused condition involving mental retardation.

Progress in these areas is threatened, however, by the reductions in NIH reserach activity that would result if the Administration's budget were to be adopted. Appropriations for NIH, measured in nominal dollars, would be increased by the Administration in FY 1983 by about 3 percent, but this modest increase would not be matched by a corresponding increase in NIH research and training activities. Indeed, there has been a steady decline in the number of new and competing grants awarded by NIH, a decline that would be accelerated by the Administration budget.

This committee in 1979 established the goal of 5000 new and competing grants to be funded each year, while maintaining a level of 15,000 total research grants (H. Rpt. 96-244, p. 26). The budget falls far short of this goal, with only 4100 new and competing grants projected for FY 1983, down from an estimated 4741 in the current year and 5109 last year. Even the 4100 level would be reached only through related cutbacks, including reductions of 2-3 percent in all outstanding grants and 10 percent in indirect cost reimbursement.

Research training would be similarly reduced with total awards amounting to 8915, down about 12.5 percent from the current year, which in turn was reduced 9 percent from last year. This shortsighted reduction, in particular, threatens the long-term prospects of biomedical science by denying necessary assistance to those we must look to as future investigators.

The important General Clinical Research Centers program (GCRC) in the Division of Research Resources aids the activities of all institutes and provides a mechanism for technology transfer in the treatment of myriad disease entities. The GCRC program also gives young physicians an opportunity to engage in clinical research, thus helping to stem the widely noted movement of physicians away from research. These opportunities would be significantly diminished by the Administration, which proposes to cut the number of centers from 71 to 65. We strongly support the GCRC program and recommend that sufficient funds be provided, at least, to maintain the present number of centers.

Because research in pediatrics is supported by a number of institutes, our remarks have been addressed to the funding for all of NIH. We obviously have a special concern though for the Child Health and Human Development Institute, NICHD, and for the especially severe impact the budget would have on it. While the number of new and competing grants would be reduced by 13.5 percent throughout NIH under the

Administration budget, the corresponding reduction for NICHD would be 30.5 percent. Other measures of funding allocation show a similar disparity. On the average, the budget would permit NIH to fund 27 percent of approved grants (itself a deplorable figure), with an average priority score of 183 necessary to obtain funding. At NICHD, only 21 percent of grants would be funded in FY 1983, with grants funded up to a payline of only 170.

The NICHD budget figures for FY 1983 are reflective of the pattern in recent years in which research in child health has received less support than other NIH research areas. It is appalling from a moral and economic standpoint that the one area which has suffered most consistently from neglect has been research at NICHD related to women, children and families -- research, in fact, that has perhaps the greatest potential for cost savings.

We urge that the Committee add $20.7 million to the budget for NICHD. This amount would help rectify past inequity and would permit the institute to fund about one-third of approved grant applications, up to a payline of 190. Further, we recommend that funds be added to the entire NIH budget sufficient to allow:

- 5,000 new and competing awards without cannibalizing the research program through across-the-board cuts in existing grants and indirect cost reimbursement;
- 10,000 research training grants to help assure a future supply of research scientists;
- maintenance of the existing network of 71 General Clinical Research Centers.

To the citizens of this country, and to people everywhere in the world, the medical advances made possible through NIH-funded biomedical research represent perhaps the most genuinely altruistic activity sponsored by the United States Government. The knowledge thus gained is widely disseminated and has led to the conquest of diseases that once ravaged mankind.

Surely, none of this work can be more important than that done to improve the health of mothers, to overcome conditions that imperil the birth of normal babies, and to aid children in combating illnesses and disabilities that otherwise might handicap them for a lifetime. Yet, support for this valuable work suffers in comparison to that done elsewhere at NIH, and it is still dwindling.

Mothers and children have no organized lobby. They are not important political forces and have no grass-roots campaigns soliciting funds for research. But the principal beneficiaries of this research are, quite literally, the hope of the future. They deserve no less than a level of funding support for their institute, NICHD, that is commensurate with the hopes and expectations all parents have for their own children.

> RECOMMENDATION: That in order to help NICHD keep pace with other institutes at NIH, particularly in the area of approved grants, funding for NICHD be set at $254.2 million for fiscal 1983.

STATEMENT OF DR. JOAN TALBOT, CORNELL UNIVERSITY MEDICAL COLLEGE

Deinstitutionalization, which began in 1955, has emptied state hospitals of over 70% of their patients (560,000 to 140,000). But as is obvious to anyone walking down our urban streets, the movement has merely moved the place of residence of the seriously and chronically mentally ill, it has not cured anyone.

It is interesting to note that only one institution has disappeared since 1950, the TB sanitarium, and that because of advances in treatment brought about by new medication. In fact, we have not really deinstitutionalized anyone, because the percentage of Americans housed in institutions in 1950 and 1970 is exactly the same -- we merely reduced state hospital censuses by two-thirds and trebled nursing home occupancy -- which could better be termed trans-institutionalization.

Medication has allowed many of the chronically or episodically ill to resume normal lives (for instance, those suffering from primary affective disorders who are responsive to lithium); allowed others the opportunity of joining the mainstream of American life, albeit with sizeable residual disability, usually in their ability to work, conduct everyday affairs, and socialize with others (for instance, those schizophrenics whose acute symptoms are responsive to medication); but has not "cured" any illness and not affected many chronic schizophrenics unresponsive to current medications.

I do not wish to disparage the progress we have made in the past 5-8 years regarding the chronically ill. Given our current limitations in knowledge about the etiology of mental illness, we now understand what sorts of treatment and care provide chronically disabled persons the best chance of living a reasonably decent life. But we have been miserably unsuccessful in trying to implement what we know works -- both because of our inability to change professional practices, as well as our inability to convince government and other third parties that it is better and less expensive in the long run to provide good community care and alternatives to expensive hospitalization (e.g., day hospitals and halfway houses).

We have also tended to spend much more money on psychiatric services in this country ($32 billion in 1974) than on research ($70.1 million in the same year). As many others have pointed out, psychiatric research is on the verge of dramatic insights into our understanding of psychiatric illness. But despite the current enthusiasm, much needs to be done.

Expanded research needs to be conducted into the etiology, epidemiology, pathogenesis, demography, prevention and maintenance of chronic mental illness. Applied research needs to become much more concerned with treatment outcome, systems of care and efficient and effective service delivery. Further research is necessary into family care and support, and case management. And there needs to be increasing attention paid to determining the criteria for deinstitutionalization of individual patients, as well as the ability to better predict who can progress to group living situations and who will need continuing sanctuary.

Four questions loom large regarding the chronic mentally ill:

1. What are the causes of the illnesses that disable them?
2. What maintains and prevents chronicity?
3. What elements of treatment and care work for which patients in what settings?
4. How many of each (e.g., asylum beds, halfway houses, group homes) do we need?

As someone who has been concerned for the last 15 years with studying some of the problems of the severely and chronically mentally ill, I am convinced that true deinstitutionalization of this population will only be achieved as it was with tuberculosis victims, through research. And such research efforts must be comprehensive, include basic and applied research, and be targeted toward our most ill and deserving. To do less will be to continue our policy of benign neglect, and relegate otherwise productive citizens to not much better than the overcrowded warehouses of the last century and wretched poorhouses of the previous one.

STATEMENT OF BLAIR SADLER, PRESIDENT, CALIFORNIA ASSOCIATION OF CHILDREN'S HOSPITALS

INTRODUCTION

I am Blair Sadler, President of Children's Hospital and Health Center, San Diego, and President of the California Association of Children's Hospitals (CACH). CACH was founded to promote adequate recognition of the special needs and circumstances of children's hospitals in the formulation of public health care policy. The Association is composed of Children's Hospital Medical Center of Northern California, Oakland; Children's Hospital of Orange County; Children's Hospital at Stanford; Children's Hospital and Health Center, San Diego; Valley Children's Hospital and Guidance Clinic, Fresno; Earl and Loraine Miller Children's Hospital Medical Center, Long Beach; and Children's Hospital of Los Angeles.

These hospitals provide the vast majority of all tertiary and many of the secondary health care services to children in the State of California. As documented in a recent study by the National Association of Children's Hospitals and Related Institutions, children's hospitals operate at a higher cost than general hospitals because of the type and intensity of care required for their patient population -- care which permits children who would have died a decade ago to survive today and live completely normal and productive lives. For example, children's hospitals maintain more specialized services, such as neonatal care, developmental disabilities, and family counseling, and devote a greater percentage of beds and days of hospitalization to intensive care than general hospitals. Also, quite simply, children require substantially more attention by health professionals than other patient populations.

In addition to the specialized intensive care provided to their patients, children's hospitals serve a proportionately greater number of indigent children. On the average, children's hospitals deliver a significantly higher percentage of non-compensated (free) care -- averaging about 17 percent of total gross charges -- than general hospitals. In addition, within each of our children's hospitals, Medicaid beneficiaries represent from one-third to over one-half of all patients served. Clearly, children's hospitals are heavily dependent on public revenues to support their health care facilities.

From this unique perspective, CACH would like to take this opportunity to comment on the Administration's Fiscal Year 1983 budget proposals for child health care. Specifically, we would like to share our concerns over the proposed budget cuts and legislative changes in the Maternal and Child Health block grant.

MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT, TITLE V OF THE SOCIAL SECURITY ACT

Since 1935, the Maternal and Child Health and Crippled Children's Services programs -- authorized originally by Title V of the Social Security Act -- have been the major federal health initiative aimed specifically at needy mothers, infants, and handicapped children. In 1980, alone, nearly 15 million poor mothers, infants, and children received services ranging from basic prenatal care for mothers and immunizations for children to the most sophisticated medical treatment for crippled children and intensive care for newborn infants. Emphasizing prevention, early detection, and specialized treatment, these programs have been successful over the last 45 years in reducing infant mortality, decreasing the incidence of mental retardation, treating crippled children, and improving the overall health of mothers and children.

Through the Maternal and Child Health (MCH) block grant established by the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), this national commitment to improve child health has been promoted through a streamlined partnership between the federal and state governments. States have been afforded greater authority to address their own particular needs in the coordination of the Maternal and Child Health and Crippled Children's program; the Supplemental Security Income Program for Disabled Children; the Lead-based Paint Poisoning Prevention program; the Voluntary Testing and Counseling Programs for Genetic Diseases; the Sudden Infant Death Syndrome program; the Hemophilia Diagnosis and Treatment Centers program; and the Adolescent Pregnancy program.

However, the FY 1982 appropriations level of $347.5 million, as included in the current Continuing Resolution, represents a 24 percent reduction from the FY 1981 appropriations for these programs. For states, this cutback has meant that fewer maternal and child health projects have been financed this year. Across the country, children's clinics have been closed, crippled children's services have been reduced, family planning programs have been eliminated, and fewer staff have been employed to manage quality and cost-effective MCH projects.

For organizations like children's hospitals, the consolidation of more programs within the MCH block grant at a reduced funding level has meant greater competition among more interest groups for fewer dollars. Some of the projects affected by this cutback are those funded through the California Children's Service centers located within the children's hospitals. These programs include treatment for children with cardiac problems, congenital spine and other crippling diseases, genetic disorders, endocrine metabolic diseases, hemophilia, and cystic fibrosis.

For the FY 1983 budget, the Administration is proposing to merge two additional programs -- the Special Supplemental Food program for Women, Infants, and Children (WIC) and the Commodity Supplemental Foods Program (CSFP) -- into the Maternal and Child Health (MCH) block grant. Without any adjustment for inflation, the Administration's proposed FY 1983 authorization for this new block grant at $1 billion would represent a further reduction of 22 percent from the FY 1982 appropriations levels for all three programs.

First and foremost, CACH believes that no sound basis exists for merging a nutrition program with a health services program. Each program serves a separate, distinct function subject to different administrative requirements. For this reason, we believe each program should maintain a separate fiscal identity.

Second, this Congress must be aware that the proposed cutback in federal funds would result in a substantial reduction in maternal and child health care services. Faced with an increasing reduction in federal assistance for various programs, states would not be able to compensate for this further cut in federal outlays for the new MCH block grant. For our children's hospitals, an additional reduction in funds for MCH grants would mean that many handicapped children would not receive needed hospitalization and surgical care. Moreover, the gains achieved over the past 45 years in reducing mental retardation and infant mortality rates would be eroded due to unavoidable cutbacks in prenatal services and intensive care for infants. Ultimately, the target population -- low-income mothers, infants and children -- would go without necessary health and nutrition services.

In addition to the 22 percent cutback in funding for the MCH block grant, the Administration has proposed a waiver of the current state matching requirement. This proposal directly contradicts a basic provision supported by CACH during the debate on the 1981 Budget Act and included in the public law. Specifically, this proposal would eliminate the statutory requirement that for each $4 in federal funds received by a state under the MCH block grant, the state must spend $3 of its own funds on MCH services.

Without this matching requirement, states no longer would be obligated to commit a definite amount of money to MCH projects. In effect, this proposal would afford states the opportunity to channel funds away from MCH projects, including those treatment programs funded in children's hospitals. Clearly, the shortfall in revenue for these programs could not be absorbed by our children's hospitals which currently are operating on restricted budgets.

Finally, the Administration is proposing to eliminate another basic provision fought for by children's hospitals and included in the 1981 Budget Act. The provision currently protects funds for MCH projects by stipulating that these funds cannot be used for purposes other than the provision or the purchase of maternal and child health and crippled children's services. Merging the mammoth WIC program with the MCH block grant would undercut the financial support for the more limited MCH projects. The various interest groups would have no option but to compete for the limited funds, albeit reduced funds, previously guaranteed only for MCH projects. Eliminating the statutory protection of these funds for maternal and child health and crippled children's services would mandate this design. CACH cannot support this further erosion of a fiscal commitment to MCH projects.

To support this nation's long-standing dedication to promote maternal and child health and crippled children's services, we urge this Congress to maintain funding at least at the FY 1982 authorization level of $373 million. We also recommend that you reject the proposed WIC/MCH merger and retain the present matching rate requirement to insure that states will commit these funds to maternal and child health and crippled children's services. Finally, we request that Congress, in recognition of the special vulnerability of children, insure that funding is authorized specifically for the provision or the purchase of maternal and child health and crippled children's services.

CONCLUSION

Because of the health care programs available through children's hospitals, hundreds of thousands of infants and children, who would have died a decade ago, now survive to live completely normal and productive lives. Yet, nearly 10 million children still have no known source of regular health care in this country. Recognizing this Administration's desire to address the adverse consequences of a high budget deficit, we nevertheless urge this Congress to realize that the Administration's proposed budget request would jeopardize health care services for thousands more children -- including children with special needs -- and high-risk pregnant mothers who have no means of paying private doctors, hospitals, or clinics.

Today, children's hospitals barely are withstanding severe cutbacks in their operating expenses due to reductions authorized by the 1981 Budget Act. These institutions simply cannot absorb further budget reductions, remain fiscally responsible, and continue to serve the health care needs of the community.

We urge this Congress to ensure that the vital and unique health care programs available through children's hospitals are not endangered by additional budget cuts. Accordingly, we request this Congress to maintain funding for the MCH block grant at least at the FY 1982 authorization level of $373 million.

STATEMENT OF DORIS F. TULCIN, NATIONAL PRESIDENT, CYSTIC FIBROSIS FOUNDATION

In addition to our concern about the National Institutes of Health, the Cystic Fibrosis Foundation supports increased funding for the Maternal and Child Health Block Grant. We urge this Committee to appropriate the full authorized amount of $373 million for this block grant in Fiscal Year 1983. We further urge this Committee to direct the Secretary of HHS to set aside 15% of that amount for special projects of regional and national signficance.

Children with cystic fibrosis require extensive medical assistance, and the cost of this care mounts up very quickly. Last year, a Cystic Fibrosis Foundation survey showed that the average cost of care for people with CF who were hospitalized during the year exceeded $9,000 per patient, and even those who were not hospitalized spent an average of $2,100 per year on medical costs. In the absence of adequate medical insurance, these costs can devastate a family's resources, especially because the expenses go on, year after year.

One important source of financial help used by over half of all families whose children have cystic fibrosis is the state Crippled Children's Services. CCS programs were part of Title V of the Social Security Act, and were funded under a state-federal matching arrangement until the enactment of the Omnibus Reconciliation Act of 1981. At that time the CCS program was one of those folded into the new Maternal and Child Health Block Grant. As this Committee is aware, one consequence of the enactment of the block grant was a reduction, by 25% from the FY81 levels, in funds available to the states in Fiscal Year 1982.

These reductions have been translated at the state level into cutbacks in the care available to children with cystic fibrosis. For example, in Alabama, 25% of the children who were formerly eligible for CCS benefits have been removed from the CCS rolls through a tightening of financial eligibility requirements and reduction of the maximum age of eligibility from 21 to 16. Other states have indicated that they will pay for medical care only in life-threatening situations, and there is still question in those states whether a CF patient hospitalized for a serious lung infection will qualify for reimbursement by the state CCS agency. Still other states have cut back their assistance on prescription drugs (which people with cystic fibrosis must use in large quantities) or on the routine clinic visits that for many patients are necessary four or more times per year.

The President's budget has called for another 23% cut in the MCH program as part of a consolidation of the 1981 block grant with the Special Nutrition Program for Women, Infants, and Children (WIC). Assuming that the constituent parts of the block grant receive the same proportion of funds that they received in 1982, this would cut CCS by another 20-25%, making it impossible for many families with cystic fibrosis to obtain adequate medical care for their children. Most CCS-eligible families do not qualify for Medicaid because their income is above the poverty line, but they clearly lack the resources to meet annual medical bills of $5,000 - $10,000 or more.

The Cystic Fibrosis Foundation urges the full funding of the Maternal and Child Health Block Grant to assure that these essential medical services continue to be available to the very vulnerable populations of children with chronic diseases, low-income mothers, and their infant children.

The 15% set-aside for special projects of regional and national significance should also be continued in Fiscal Year 1983. Many of the programs incorporated in the block grant were entended to increase the nation's capacity to provide essential health services to mothers and children. These programs have effectively operated on a national level for many years in such areas as research, training, laboratory support, information development, and the like. Congress decided that a portion of the MCH block grant should be set aside for continuing these activities, because each of these projects can be accomplished more effectively from a central location with national dissemination of the results than by relying on each state to duplicate the activity out of its own share of the block grants.

There are two particular aspects of the set-aside that affect the cystic fibrosis community. First, the Pediatric Pulmonary Center program, part of the former Maternal and Child Health training budget, provides training, at leading academic medical centers, for health professionals in the care of children with lung diseases. Prior to Fiscal Year 1981, this program supported 12 Pediatric Pulmonary Centers, but last year that number was cut to 11. With the funding reductions in Fiscal Year 1982, the number of Centers is being further cut to six or seven. Despite these reductions, this remains an important program which provides outreach on the care level and in technology transfer as well as training for doctors, nurses, and other health professionals.

The other area of particular interest to us is the Genetic Diseases Program, created by Congress in 1976. The development of the technologies for prenatal detection of certain diseases and the detection of carrier status related to those diseases has opened new possibilities for reducing the incidence of many serious conditions, including thalassemia, Down's Syndrome, Tay-Sachs disease, and sickle cell disease. Researchers are in cystic fibrosis, the most common fatal genetic disease in the United States.

The Genetic Diseases Program has assisted in the creation of a network for the delivery of services related to genetic diseases. Because of the difficult technical and emotional issues involved, it is important that the full range of high-quality laboratory assistance, genetic counseling services, and follow-up services be available to people who seek assistance in this area. These collaborative arrangements would not have been developed in most areas without the national leadership of the Genetic Diseases Program, but that program has still covered only about half the country. In addition, there is a need to continue the laboratory assistance agreement through the Centers for Disease Control and the National Clearinghouse for Genetic Diseases, both of which are programs that states would have difficulty setting up on their own. Like the Pediatric Pulmonary Center program, the Genetic Diseases Program has seen about half its funds cut because of the new block grant, but there is still a visible national presence in the field that should be continued.

The Reagan Administration has proposed legislation which would eliminate the set-aside altogether, and we oppose that legislation. For Fiscal Year 1983, under the bill enacted last year, the Secretary has the discretion to set aside from 10% to 15% of the total block grant funds for special programs of regional and national significance. We urge this Committee to direct him to set aside the full 15% to allow the continuation of important national activities such as those described above.

STATEMENT OF PAUL B. HARING, PRESIDENT, THE CATHOLIC TRUTH SOCIETY OF AMERICA

One of the objectives of The Catholic Truth Society of America is to promote and defend Christian moral values on a national basis. The appropriations for the Department of Health and Human Services and the Department of Education are of great concern to us.

We believe that literally hundreds of millions of dollars which are appropriated by this Committee annually are not merely wasteful expenditures of funds but, in fact, are expenditures which are highly detrimental to the welfare of the country. While I realize that this position may seem strange, perhaps even radical, to the members of the Committee, I also believe that the detrimental effects of the programs funded each year by this Committee and the Congress are becoming more evident and widely known. Opposition to these programs is also increasing by the day, and it is my prediction that the time will come when major appropriations which are destructive of Judeo-Christian moral values will be eliminated.

Specifically I am speaking of appropriations for contraception, sterilization, abortion, abortion referrals, deviant classroom sex education, and for programs which attempt to give legitimacy to homosexual conduct. Appropriations for all of these programs constitute a direct attack upon the family.

While it is fortunately true that most of the funds for surgical abortions have been eliminated, the tragic fact still remains that Congress has approved funds for some such abortions under the guise of saving the life of the mother. We believe it is intrinsically evil to appropriate funds to intentionally kill any innocent human person, regardless of the reasons for the killing. The unborn is not an unjust aggressor and his or her life cannot be taken as a matter of self-defense. Even more tragic, however, because of the much larger numbers, are the extremely large and indeterminate number of abortions which occur through the use of the birth control pills which act as abortifacients as well as contraceptives, and the great number of abortions which occur through the use of IUD's.

Each human life is sacred--a great gift from God--because each human life is created in the image and likeness of God. It is a great evil to destroy any one of these lives regardless of whether it is by surgery, by chemical means, or any other means, and regardless of the stage of development.

Since the Government started its large appropriations for so-called family planning in 1970 there has been a marked decline in morals. In my opinion this is not merely coincidental but, in fact, a major impetus has been given by the programs funded by the Federal Government.

Dr. Robert Kistner of Harvard Medical School, who helped develop the birth control pill, remarked as far back as 1977 that "For years I felt the pill would not lead to promiscuity. I have changed my mind. I think it probably has--as so has the IUD." This quote appeared in the Cincinnati Inquirer of April 14, 1977, and is taken from page 89 of the book entitled Human Sexuality in Our Time -- What the Church Teaches, edited by George A. Kelly.

Pope Paul VI in "Humanae Vitae" reminded the world of the consequences of the use of artificial birth control. He taught, "Upright men can even better convince themselves of the solid grounds on which the teaching of the Church in this field is based, if they care to reflect upon the consequences of methods of artificial birth control. Let them consider, first of all, how wide and easy a road would thus be opened up towards conjugal infidelity and the general lowering of morality. Not much experience is needed in order to know human weakness, and to understand that men--especially the young, who are so vulnerable on this point--have need of encouragement to be faithful to the moral law, so that they must not be offered some easy means of eluding its observance. It is also to be feared that the man, growing used to the employment of anti-conceptive practices, may finally lose respect for the woman and, no longer caring for her physical and psychological equilibrium, may come to the point of considering her as a mere instrument of selfish enjoyment, and no longer as his respected and beloved companion."

Pope Paul VI also warned of the extremely dangerous public consequences of the acceptance of contraception. The Holy Father said: "Let it be considered also that a dangerous weapon would thus be placed in the hands of those public authorities who take no heed of moral exigencies. Who could blame a government for applying to the solution of the problems of the community those means acknowledged to be licit for married couples in the solution of a family problem? Who will stop rulers from favoring, from even imposing upon their peoples, if they were to consider it necessary, the method of contraception which they judge to be most efficacious? In such a way men, wishing to avoid individual, family, or social difficulties encountered in the observance of the divine law, would reach the point of placing at the mercy of the intervention of public authorities the most personal and most reserved sector of conjugal intimacy."

Pope Pius XII, in an address on the large family, spoke of the great benefits of a large family and also warned of the extreme danger resulting from contraception. He said: " . . good common sense has always and everywhere looked upon large families as a sign, a proof, and a source of physical health, and history makes no mistake when it points to violation and abuses of the laws governing marriage and procreation as a primary cause of the decay of peoples." (Emphasis added.) He went on to state that "Far from being a malady, large families are a guarantee of the moral and physical health of a people." The Holy Father taught "The only way to protect the physical and moral health of the family and society is through wholehearted obedience to the laws of nature, or rather the Creator, and most of all by fostering a sacred, heartfelt respect for them."

Pope John Paul II has strongly reaffirmed the teachings on the family of his predecessors.

The funds appropriated by this Committee have an effect opposite to bringing about "a sacred, heartfelt respect for the laws of the Creator." Instead, they promote selfishness and attitudes which bring about oppressive anxieties and remorse, and which create psychological conditions detrimental to the healthy development of the children born.

The so-called sex education programs of Planned Parenthood and other such organizations in effect teach that abortion, homosexuality, masturbation, contraception and sterilization are moral. The funds you are appropriating are used to teach a secular religion which violates Judeo-Christian moral values.

The providing of funds to operate homosexual centers are encouraging and attempting to give legitimacy to perverted acts of sex. By encouraging abortion, sterilization, contraception and homosexuality, the Government is also enormously increasing the general health problems of the nation with which a major segment of the appropriations bill is supposed to be concerned. Funding for the so-called family planning programs is self-defeating. The programs, by encouraging contraception, also encourage the misuse of sex, which results in a greater number of illegitimate children and greater increases in venereal diseases. The latter results are used by Planned Parenthood and other such organizations as justifications for greater funding for them each year, and the more that is given to Planned Parenthood and other such organizations for their programs, the greater will be the social needs. Surely this cannot go on indefinitely. Already billions of taxpayers' dollars have been tragically misused.

I recommend that the Congress cease appropriating funds for all of the disastrous so-called family planning programs, which are intrinsically immoral and have a disastrous effect upon the morals of persons of all ages, and particularly the young.

Married couples who have a justifiable need for limiting the size of their families can do so in ways which are not harmful to their health, which do not injure their integrity, and which in fact strengthen their marriages. I am speaking of the new natural family methods such as the ovulation method, the Billings method, and the sympto-thermic methods. These new natural family methods are reliable, safe and without cost. The only purchase necessary is a thermometer, which most families already have, and a few sheets of graph paper. In my opinion, churches and the public privately could very adequately support organizations which are teaching natural family planning and there is no need for Federal involvement. With respect to single persons, the only solution is greater encouragement by the family and society to help them lead moral lives.

Elimination of the funding for family planning programs, by itself, would better the moral conditions with which young people are faced. It would help reduce the number of groups entering the schools, handing out contraceptives, and welcoming them to their clinics. It would help eliminate the suggestion that is implied by the Government's program that they are in essence animals rather than human beings with intelligence and a sense of responsibility.

STATEMENT OF JEROME STONE, PRESIDENT, ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION

Mr. Chairman and members of the Subcommittee, I am Jerome Stone. I am President of the Alzheimer's Disease and Related Disorders Association. We are a national organization which represents 50 member chapters across the country.

Mr. Chairman, I realize that this Subcommittee has a difficult responsibility to discharge, particularly in the light of this year's economic and budget problems. I also realize that many have come here to seek help. To be frank, I would rather not be here taking up your time. And I can assure you that the one and one-half million people striken with Alzheimer's disease would give anything to learn that a successful treatment had been found -- and that we no longer needed your help.

Unfortunately, that is not the case. Alzheimer's disease continues to be the fourth leading cause of death in this country.

As I mentioned, about one and one-half million people suffer from Alzheimer's disease. And not all of them are elderly. In fact, more than 60,000 people in their forties and fifties have been diagnosed as having Alzheimer's disease.

Mr. Chairman, Alzheimer's disease is a neurological disorder. We do not know what causes the disease, but we do have a painfully clear picture of how debilitating it can be.[1] It often renders its victims totally incapable of caring for themselves, let alone being productive members of society. We do know that the disease attacks the brain, causing an accumulation of abnormal fibers around its outer layers. It also brings about a degeneration of nerve endings, thereby hampering the passage of signals among brain cells. These are the signals that carry instructions telling us how to think, what to do, and how to act. Without these messages we literally become lost in our own lives.

Certainly, no disease is bearable. But what Alzheimer's Disease does to an otherwise healthy person is unmerciful. What may first appear as a slight case of forgetfulness can often progress to a total shutdown of the mind. As it progresses, the disease can cause severe memory loss, speech impairment, and drastic personality changes. What's more, the unfortunate victim often is aware of what is happening -- that something outside their control is taking over their life. They begin to lose the capacity to think in logical progressions and to carry out routine activities like balancing a checkbook or combing their hair. The fact that they know something is going wrong causes them to become angry and frustrated with themselves and those around them.

Those of us with family or loved ones who have been striken with Alzheimer's Disease know a particular kind of suffering. It comes from seeing someone who is perfectly healthy gradually lose control, and from knowing that their life expectancy has been cut in half.

Now, I realize that you have some very difficult choices to make in light of economic pressures. But I think you should also be aware of the tremendous negative impact Alzheimer's Disease is having on our country's economic well-being. From that standpoint, what is at stake here, Mr. Chairman, is valuable human capital.

I recall that President Kennedy once said that it is not enough to add new years to life, unless we add new life to those years. We engage in discussions over age discrimination or raising the Social Security retirement age. In the meantime, we need only look to the sidelines to see the victims of something we cannot legislate against. Those who suffer from Alzheimer's disease -- whether they are elderly or in their forties or fifties -- are prevented from carrying out normal, productive lives.

As a result of all this, each year millions of dollars are lost to our economy. Furthermore, many of these people require so much care that they are placed in nursing homes. Last year, in fact, nearly half of the admissions to nursing homes were people suffering from Alzheimer's disease. It has been estimated that costs run as high as $12.5 billion annually.

By the year 2000, nearly two-thirds of our population will be over fifty. Unless we find a way to prevent this disease, the costs will run into hundreds of billions of dollars.

I have given you the negative side of the story, Mr. Chairman, but I also want to tell you why there is good reason to hope

With this Subcommittee's support and with guidance from NIH, some very critical research has begun into the cause and possible treatment of Alzheimer's disease. That research is being carried out by three institutes:

- the National Institute of Neurological and Communicative disorders and Stroke
- the National Institute on Aging
- the National Institute of Mental Health

That research is beginning to pay off. We have learned, for example, that people suffering from Alzheimer's Disease have a reduced level of a particular enzyme, called choline acetyltransferase. This enzyme plays a key role in transmitting nerve impulses in the brain. Researchers have been able to relate this drop in the enzyme activity with changes in memory and orientation. Some hold the theory that perhaps the disease could be treated if we can find a way to restore the brain's supply of this enzyme.

So you see we are making progress, but we still have much more to do.

That brings us here, Mr. Chairman, asking your Subcommittee for its support in continuing this work. We recommend the following levels of funding:

National Institute of Neurological and Communicative Disorders and Stroke	$362,000,000
National Institute on Aging	$100,751,000
National Institute of Mental Health	$158,000,000

STATEMENT OF RICHARD M. FREEMAN, M.D., PRESIDENT, NATIONAL KIDNEY FOUNDATION

I, Richard M. Freeman, M.D., President of the National Kidney Foundation, appreciate the opportunity to express the concerns of the Foundation and the members of the Intersociety Committee for Kidney Research, with respect to the proposed level of appropriations for the National Institute of Arthritis, Diabetes and Digestive and Kidney Diseases (NIADDK) for the 1983 fiscal year. We hope to convince Congress that NIADDK needs at least $420 million to approach its mandate during the next fiscal year. Without adequate funding, kidney and urologic research will stagnate because younger investigators will be turned away from research careers. As a result, the quality of America's health will suffer over the long term and the costs of medical care will continue to escalate.

As President of the National Kidney Foundation, I speak on behalf of the thousands of professional and lay volunteers of the Foundation in every part of the country who are dedicated to the needs of patients with kidney and urologic diseases. I also speak for the Intersociety Committee for Kidney Research, which is composed of the following member organizations: the American Society of Artificial Internal Organs, the American Society of Nephrology, the American Society of Pediatric Nephrology, the American Society of Transplant Surgeons, the American Urological Association, the Council on the Kidney of the American Heart Association, the National Kidney Foundation, the Renal Physicians Association and the Society of University Urologists.

The National Institute of Arthritis, Diabetes and Digestive and Kidney Diseases was one of only two NIH research institutes which suffered a reduction in funding for the 1982 fiscal year. This was the first reduction for any Institute of the National Institutes of Health since 1975. Furthermore, no compensatory increase is offered for the 1983 fiscal year. As a result, at the budget level proposed for FY83, the Institute will be able to fund only one out of five research proposals approved for funding! Funding which is limited to the top 20% of applications will necessarily be weighted toward established, more senior investigators whose past work, present capabilities and future plans are widely known in the scientific community. We fear that younger investigators will be disproportionately represented among those four out of five applicants who cannot be funded.

Those of us who represent the kidney and urology community have been greatly concerned about the lack of young physicians entering research careers in these areas. This lack is particularly crucial since, as you know, the cost of maintaining the lives of patients with renal failure is very high. Improved understanding of genetic processes and of the immune system, and new techniques for exploring biological processes at the level of the cell and the molecule could lead to major breakthroughs in treating the underlying basis of kidney and urinary tract disease and eliminate the need for expensive "half-way" technologies. We need a whole new generation of research scientists, however, to continue the work of the pioneering investigators in this area, in order to bring this goal closer to a reality. It is for this reason that I am fearful that we are in the process of developing only half of a generation in which there are relatively few investigators in the kidney and urology areas.

There are many factors responsible for this state of affairs. In the past, many successful medical investigators learned about scientific research through the back door, so to speak. They would decided to pursue training in kidney and urologic diseases because of their clinical interests in patients with these diseases. During their training, a certain percentage would be "turned on" by their investigative efforts and, therefore, became anxious to continue investigation as a lifelong career. Because the nation's need for additional nephrologists and urologists in private practice has lessened, fewer physicians will be entering the field of kidney/urologic research through this "back door."

Unfortunately, even those physicians with clear-cut academic goals are not likely to be discovered. They note repeated examples of physicians, specifically those between the ages of 32 and 40, failing to get federal grant support through the NIH, despite high quality applications, as shown by their priority scores. When they see this happen, they are less inclined to pursue nephrology in contrast to other academic disciplines.

These trends will only be exacerbated by the funding possibilities at NIADDK under the President's budget for FY83.

As noted above, the NIADDK was one of only two of the NIH research Institutes whose appropriation was decreased for the 1982 fiscal year, as compared to he previous fiscal year. On this basis alone, we conclude that kidney/urology research is receiving and will continue to receive a disproportionately small share of the federal research dollar. Moreover, it should be realized that the National Institutes of Health did not have a program for research in kidney disease until 1965. As a result, kidney/urology research did not share in the main growth of the Institutes from 1955 to 1965. Furthermore, the resulting gap has never been closed. This factor is additional evidence that kidney/urology research, more than nay other discipline, would be underfunded at the level of appropriations in the President's budget recommendation.

Based upon these considerations, we recommend that the Committee increase the appropriation for the National Institute of Arthritis, Diabetes and Digestive and Kidney Diseases for the 1983 fiscal year to $420 million. The investment, in terms of securing new talent for kidney/urologic research alone, is worth it!

STATEMENT OF MELVIN M. GRUMBACH, M.D., SUBMITTED ON BEHALF OF THE ENDOCRINE SOCIETY

I am Dr. Melvin M. Grumbach. I am appearing on behalf of the Endocrine Society, of which I am President.

The Endocrine Society is an organizaton of over 4,000 scientists and physicians devoted to research in endocrinology, the study of the endocrine glands and the hormones they produce. Endocrinology can be defined as the field of biomedical science concerned with the regulation and integration of all the organ systems of the body by chemical substances called hormones. Hormones are chemical messengers produced by specialized cells and released by these cells into the body fluids that surround them. In most cases the hormones are released into the blood stream, but in some instances they act on neighboring cells. Best known to you are the endocrine glands such as the pituitary, thyroid, adrenal, ovary, testes, pancreas and parathyroid glands which contain these specialized cells. It is a system in which chemical signals influence fundamental body processes. A crucial part of this system is the brain itself. Endocrinology is one of the most rapidly advancing fields of biomedical research. We are in the midst of a biological revolution. These advances not only hold great promise to improve the health and well being of our people, but also to open up previously unforeseen technical developments. However, our world leadership in the generation of new knowledge and the training of basic and clinical biomedical scientists cannot be maintained if the Federal Government does not sustain its commitment to research and adopts a policy of retrenchment.

There are specific diseases related to malfunctions of the endocrine glands. For example, if the thyroid produces too much hormone, the result can be hyperthyroidsm, which manifests itself in overexcitability and heart problems. If, on the other hand, too little thyroid is produced, it can make for hypothyroidism, which is seen as mental dullness and fatigue and weight gain.

Endocrine related problems are also often a major factor in sexual dysfunction. Certain cases of impotence in the male and loss of menstrual periods and infertility in the female are secondary to some hormone imbalance, the nature of which is yet to be fully explored. Because hormones have a central role in sexual functioning, endocrinologists have been the leaders in research in human reproduction and have made remarkable advances, benefiting both infertile couples who wish to conceive, and those who wish to regulate normal fertility.

Endocrine research thus addresses the causes and treatment of specific endocrine diseases, but it does not stop there. Since hormones affect the function of every body organ, endocrine disorders are implicated in far more diseases than those related to over-activity or under-activity of particular glands. In many instances, there may be a change in the chemical nature of the hormone secreted, or a change in the proportion of a certain hormone secreted in relation to that of other hormones, or a change in some of the tissue substances that normally would recognize the hormone and respond to it. Many conditions such as high blood pressure, mental illness, heart disease, cancer, aging and obesity may be caused or associated with such changes in hormone activity. And, of course, much of the research in diabetes is carried on by endocrinologists. Some of the hormones that may be involved in such diseases have been identified by basic research in recent years, for reasons which originally had nothing to do with their possible roles in disease or body function.

Let me give you an example. Recently two Endocrinologists, Dr. Roger Guillemin and Dr. Andrew Schally shared the Nobel Prize in Medicine and Physiology for their successful solution, characterization and synthesis of specific neurohormones that among other effects regulate the function of the pituitary gland. One of these factors, gonadotropin-releasing hormone, controls the secretion of the pituitary hormones, which in turn influence sexual function. By manipulation of the chemical structure, endocrine chemists synthesized a large number of analogues. Several of these analogues, when administered daily, can specifically shut down the secretion of the pituitary hormones (gonadotropins) that control the function of the sex glands -- the testes and ovaries. Recently it has been discovered that certain of these synthetic analogues show great promise in a new non-operative treatment of cancer of the prostate, the third leading site of cancer in men (accounting for about 17% of all male cancers). This treatment is not associated with the adverse side effects seen in patients treated with estrogen or subjected to surgery. This unforeseen new approach to the treatment of cancer of the prostate emerged from basic endocrine research and is being tested and carefully evaluated in federally supported general clinical research centers located in university biomedical centers.

It is apparent that, with the widespread influence of the endocrine system on many other body activities, we cannot specifically define the incidence of "endocrine" disease, the number of work days lost, the economic loss, and the number of deaths caused. It is clear, however, that the impact is very substantial and may involve an even larger number of patients than has been cited for some of the so called killer diseases.

Because endocrine disorders affect so many other diseases, support for endocrine research is derived from a number of sources in the National Institutes of Health. The Endocrine Society is accordingly concerned that the President's FY 1983 budget for NIH grossly understates the needs of NIH programs and, if adopted, would represent a significant backward step in support for scientific progress in this nation. It is not enough for the Administration to claim that its budget will "expand the resources available for basic and clinical research"*/ on the basis of a modest increase recommended in nominal dollars. The fact is that the resources available will be sharply reduced under the President's budget.

One important measure of support for NIH research is the number of new and competing research project grants that can be awarded. If the scientific enterprise is to retain its vigor in the quest for new ideas and discoveries, there must be an opportunity for new entrants into the research field, and a corresponding obligation on the part of established researchers to justify continued support for their work under the peer review system.

---

*/ Budget of the United States Government, Fiscal Year 1983, §5-152.

The Administration budget would reduce the number of new and competing grants in FY 1983 to 4100, down from an estimated 4741 in the current year and 5109 last year. Adoption of this figure would mean that over the course of the two budgets for NIH developed thus far by the Reagan Administration, the number of new and competing grants that NIH can fund will have been reduced by about 20%. Even the level of 4100 new grants projected for FY 1983 would be reached by cutting existing grants and limiting reimbursement for indirect costs.

The picture is much the same in the area of research training, the principal source of support for preparing the next generation of biomedical scientists. Training awards would be reduced by the Administration to 8915, down nearly 17% over the two Reagan years.

In 1979, this Committee set the goal of stabilizing funding for research and training at 5000 new and competing research grants and support for 10,000 trainees annually. The Administration's projections for FY 1983 obviously fall far short of these goals; moreover, they clearly negate any claim that the Administration has "expanded the resources available" for NIH research. We look to the Committee to vindicate its stabilization policy by providing appropriations sufficient to meet the goals you set only three years ago.

While the Endocrine Society is concerned with research and training throughout NIH, there are some programs of special interest to endocrinologists, among them the endocrinology research program at the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases. NIADDK was one of only two Institutes to suffer a reduction in appropriations compared to last year under the FY 1982 Continuing Resolution. As a result, the Institute is now funding only about 25% of the research project proposals that survive the rigorous peer review system and gain approval. The percentage of approved grants funded would drop to 20% in FY 1983 under the Administration budget.

The Endocrinology program of NIADDK has been productive in the past; scientists supported by the program were instrumental, among other advances, in the synthetic production of human growth hormone through recombinant DNA techniques. Prospects are equally promising for the future, particularly in studies of brain hormones that play a vital role in the body's response to stress, and thus may influence the development of a number of stress-related diseases, such as high blood pressure and ulcers. But these developments cannot be successfully exploited at the level of funding proposed by the Administration.

The Endocrine Society joins with the other members of the NIADDK Coalition in recommending that the Committee approve an appropriation of $420 million for NIADDK for FY 1983. This amount will restore some, but not all, of the purchasing power NIADDK has lost over the past two years and would permit funding of about 35% of approved grants.

The Society also has a particular interest in the research in reproductive biology and contraceptive development and evaluation supported by the Center for Population Research (CPR), a part of the National Institute of Child Health and Human Development. Again, the proposed budget fails to approach the need. At a time when there is evident public concern about the safety of chemical contraceptives widely used throughout the world, the number of new and competing grants that CPR could fund would be reduced more than one-third from

134 to 87, a further drop from the 163 new and competing grants that were funded last year.

These reductions cut to the core of vital work that has led in the past to the development of both profertility and antifertility methods which are ethically acceptable to many people. But the current methods are not universally accepted, nor are they practicable in every case for use in underdeveloped countries, where unchecked population growth creates enormous political, social and economic problems. An appropriation exceeding that recommended by the President is necessary so that studies can go forward on more effective, safer methods of regulating fertility.

We urge that the Committee add $20.7 million to the Administration budget figure for NICHD, for an increase of about 9%. This amount would permit the funding of one-third of approved grants, rather than the 21% funding level proposed by the Administration.

Finally, the Endocrine Society notes that the budget would continue the unfortunate decline of recent years in the General Clinical Research Centers program, which has been of great value in aiding the transfer of technology from the laboratory bench to the patient's bed, and in providing research opportunities for physicians. The number of centers would be reduced for 71 to 65 under the budget. We recommend that sufficient funds be provided to retain the existing network of centers, without reduction.

Thank you for your interest in the views of the Endocrine Society.

STATEMENT OF DAVID CHADWICK, M.D., MEDICAL DIRECTOR, CHILDREN'S HOSPITAL AND HEALTH CENTER OF SAN DIEGO, CALIF.

I am Dr. David Chadwick, Medical Director of Children's Hospital and Health Center (CHHC) in San Diego, California. CHHC is a 158-bed tertiary care regional pediatric center serving 2 million people in San Diego and Imperial Counties.

Our institution has many special programs, including a hospital-based child protection program and one of the largest speech, hearing, and neuroscensory centers on the West Coast. CHHC also conducts a substantial amount of research in many aspects of children's health, including studies on the development of walking in preterm infants, EEG responses during cognitive processing in children, improved outcomes for newborns, evaluation of the outcome of preschool impairment in language development, and the study of normal children in their growing years.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

From the perspective of promoting quality child health care and research on childhood diseases and disabilities, CHHC takes this opportunity to comment on the Administration's proposed Fiscal Year (FY) 1983 budget for the National Institute of Child Health and Human Development (NICHHD). CHHC enthusiastically supports the research undertaken by the NICHHD to improve the health and well-being of the developing infant and child and to prevent conditions which have their origins early in life and lead to adult disabilities and early death. Today's study of problems associated with reproduction and development, such as birth defects, premature birth, and mental retardation, may be the key to preventing tomorrow's lifelong disabilities and early death suffered by thousands of individuals. For example, mental retardation resulting from one genetically determined defect--phenylketonuria (PKU)--has nearly been eradicated with the development of an inexpensive screening test and an effective dietary treatment. Similarly, a screening test for hypothyroidism--another inborn error of metabolism resulting in severe mental retardation--also has been developed and is coming into widespread use. Additionally, hypothyroidism now can be diagnosed at birth and an easy and effective treatment can be applied immediately. Clearly, the work carried on by the NICHHD is of major significance in preventing costly health problems in the future.

CHHC also recognizes the capable leadership demonstrated by the Institute's Acting Director, Betty H. Pickett, Ph.D., during the past year. Dr. Pickett outlined in testimony before this Committee many of the issues under study at the Institute, including (1) developments in fetal medicine to correct hydrocephalus--a condition resulting in severe brain damage; (2) developments to control the risk of birth defects associated with diabetic mothers; (3) the development of a promising new drug--ritodrine--to prevent premature labor; (4) the development of a synthetic human growth hormone to provide treatment for children with growth hormone deficiency; and (5) developments in treating male and female infertility through the use of a luteinizing hormone-releasing hormone (LHRH). These examples are a few of the many advances being pursued by the NICHHD. However, to enhance the direction of the Institute's valuable work, CHHC encourages the Administration to appoint a permanent Director of the Institute as soon as possible.

Recognizing that the National Institutes of Health cannot enjoy unfettered expansion during a period of economic austerity, CHHC nevertheless is concerned over the pattern of fiscal constraint shown in the decreasing numbers of research and training grants funded by the NICHHD. For example, under the FY 1981 appropriations level of $220,628,000, a total of 1,249 research grants were funded with 453 representing new, competing grants. Also, 571 training grants were funded in that year. In contrast, under the FY 1982 appropriations level of $226,309,000--as provided by the continuing resolution--only 1,156 research grants will be funded with 363 representing new, competing grants. Also, only 536 training grants will be funded during FY 1982.

For FY 1983, the Administration is proposing a budget of $233,575,000--a 3.2 percent increase over the FY 1982 level. As a result of this meager increase in funding, the Institute has projected that only 1,049 research grants will be funded with 252 representing new, competing grants. Also, only 515 training grants will be awarded during the upcoming fiscal year. Compared to FY 1981, the number of competitive grants to be funded in FY 1983 will drop by approximately 44 percent and the number of training grants will decrease by nearly 10 percent.

This steady decline in the number of research and training grants to be funded by the NICHHD cannot continue without having an adverse impact on the rate of growth of scientific knowledge and its application in terms of treatment and preventive medicine. Medical institutions, like children's hospitals, which rely on federal funding of research projects will have fewer resources available to finance new initiatives. Additionally, fewer M.D.'s and Ph.D.'s will be encouraged to enter research careers as funding for their endeavors steadily diminishes. Moreover, as progressively fewer new research and training grants are funded, the momentum in diagnosing, treating, and preventing congenital and hereditary diseases will be lost.

CHHC urges this Subcommittee to continue its steadfast support of the Institute's work in recognizing, treating, and preventing childhood disabilities and diseases. In this respect, we request this Subcommittee to appropriate $248 million for the NICHHD in FY 1983.

NATIONAL CENTER ON CHILD ABUSE AND NEGLECT

I also would like to take this opportunity to comment on the work carried on by the National Center on Child Abuse and Neglect (NCCAN) in the Office of Human Development Services (OHDS) within the Department of Health and Human Services (HHS). My testimony arises from two different perspectives. First, as Medical Director of CHHC and head of its child protection program, and as an active member of our physical abuse review committee, I come into contact with the scores of abused children who pass through CHHC every year. Second, as one who has devoted a large part of my professional career to combatting child abuse, including serving as one of two consultants to the American Academy of Pediatrics on child abuse and as a frequent witness in both civil and criminal child abuse proceedings, I have come to recognize the profound impact that child abuse plays in shaping the formative years of vast numbers of America's young people.

When the Child Abuse, Prevention and Treatment Act first was enacted in 1974, child abuse was a hidden problem in this country. At the time the Act was extended and modified in 1978, we had made substantial progress in both knowledge and treatment of child abuse. The National Center is to be commended for the major role which it has played in bringing visibility to this issue through its research of the problem, and its guidance to state and local agencies in combatting the problem. However, NCCAN's progress in all of these areas has been threatened by block grant proposals and budget reductions.

Last year, the Administration proposed that the programs administered under the Act (including child abuse state grants, child abuse projects and child adoption opportunities, research and evaluation activities, and information dissemination) be enfolded into the Social Services Block Grant for FY 1982. This would have repealed the 1974 Act thereby eliminating any assurance of a federal role in the protection of abused children. Fortunately, the Administration's proposal was not accepted by Congress. However, the programs' FY 1982 authorization levels were reduced to $19 million -- $3.9 million less than in FY 1981. The final funding level eventually agreed to in the continuing resolution was $16 million.

For FY 1983, the Administration has again proposed substantially reduced funding for child abuse and neglect programs. State grants would be reduced by $2 million. All research and demonstration (R&D) activities of the OHDS would be grouped together with a single funding level of $31 million, which provides for no increase over the FY 1982 funding level. This grouping of all OHDS R&D activities makes it impossible to ascertain the proposed funding levels for the Center's research and development activities. Indeed, it appears to us that the Administration is suggesting that these programs be consolidated into one funding category, similar to a block grant proposal. The blocking of all these activities under one funding category would prevent funds from being targeted to specific areas of need, such as child abuse. Without a fiscal commitment to specific areas of need, programs previously guaranteed funding may go without support.

The following list offers a sample of some of the vital projects presently supported by the Center:

1. Projects Which are Preventive in Nature -- These projects are aimed at parents of critically ill infants or other parents who are determined to be "at-risk" prior to the birth of their child. Use of funds at this early stage, focusing on the prevention of child abuse, is most cost-effective. The Center currently funds five of these projects throughout the United States.

2. Mental Health Programs -- These programs center on the psychological evaluation and follow-up of children who have been abused and the training of social workers and volunteers to recognize the special needs of abused children. In the past, most efforts have centered on parents. This new focus attempts to deal with the psychological scars which have resulted from an already chronic situation. The Center currently funds four of these mental health programs.

3. Parents Anonymous -- Over 1,000 Parents Anonymous groups exist in the United States today. Family Stress Centers, such as the one established in San Diego, have continued to serve families from all sectors of the community. Several Parents Anonymous groups have begun a special initiative with federal dollars to establish adolescent and young children's groups modeled after their own program. This effort is an attempt to interrupt the abuse cycle, which is so common from one family's generation to the next, in hopes of preventing child abuse in future generations.

4. Emerging Problems -- One problem area just coming to the public's attention concerns abuse and neglect of children in institutional settings. Testimony before the House Committee on Labor and Education in March of 1981 indicated that the problem is widespread and systematically pervasive in the states. Another emerging problem is sexual abuse of children. In 1980, Congress recognized the seriousness of the situation and appropriated $4 million to the Center to begin to combat this problem.

Despite this progress and despite the increase in public awareness, significantly more work needs to be done. The very success of the Center's programs and research have led us to see that abuse and neglect of children is a serious, wide-spread problem in America today. Recent studies have confirmed that each year over 1 million children are needless victims of abuse and neglect. This estimate is based only on cases that actually have been reported. Most experts feel that the real incidence of abuse is two to three times higher.

The National Center stands as a model federal initiative -- it was created to address a serious national problem; it has served as a resource for state child abuse programs; and it has joined successfully with the private sector to combat the many problems associated with child abuse and neglect. As noted by a recent GAO report, entitled "Increased Federal Efforts Needed to Better Identify, Treat, and Prevent Child Abuse and Neglect," the federal role which the Center plays cannot be duplicated at the state level. If we are going to continue to have an impact on the problem of child abuse in the United States, it is crucial that the federal presence be maintained and that the activities of NCCAN and the programs it supports be given sufficient financial support.

We urge this Subcommittee to reject the President's FY 1983 budget proposal and we recommend that this Subcommittee accept the recommendation of the House Committee on Education and Labor (see H. Rpt. 97-66) to maintain funding at least at the FY 1982 authorization level of $19 million. Moreover, we request that this Subcommittee target specific research and demonstration funds within OHDS for the National Center on Child Abuse and Neglect, so they may continue their vital work in the prevention and research of this most important and urgent national problem.

STATEMENT OF GLEN D. KUEHN, PROFESSOR OF CHEMISTRY, NEW MEXICO STATE UNIVERSITY

Thank you very much for this opportunity to submit a written statement as a citizen witness in support of the program of the National Institute of General Medical Sciences (NIGMS) and its unique importance to biomedical research in our country. I am a Professor of Chemistry at New Mexico State University (NMSU) in Las Cruces, New Mexico. For the past twelve years, I have conducted research on a class of substances called polyamines. All organisms produce these substances, their production is associated with rapid cell growth, and carcinogenesis. Effective management of the production of polyamines may soon become one more means to treat cancer cells. With the exception of two years of my career, which were spent as a postdoctoral fellow of the National Institutes of Health at the University of California, Los Angeles, and one year as a Roche Foundation Fellow at the University of Berne, Switzerland, my entire professional life has been served at NMSU. Thus, by many standards my professional credentials are not nearly as extensive or distinguished as those of most other scientists who have presented past testimony before this committee. Yet, I may be more representative of the average type of scientist that has been a recipient of research support from the National Institute of General Medical Sciences. In that context, I hope that my statements will convey in a small way the benefits to the American people which accrue from the support of non-categorical research through the National Institute of General Medical Sciences.

The chief administrators of NIGMS, NIH, and other citizen witnesses have already informed this committee of the many projects and advances that are now cascading from our biomedical research laboratories. Biomedical research is currently a ferment of fruitful and intellectually exciting activity that promises to bring benefits to the American people that were completely unpredictable a few short years ago. Therefore, I do not intend to cite more specific examples of the immediate or future achievements that may accrue from basic research. The major thrust of my testimony is to build a case for the tenet that BASIC RESEARCH REPRESENTS THE CAPITAL FOR FUTURE PRODUCTIVITY.

Recently, the National Science Board issued the latest of its biennial publication, Science Indicators - 1980. The 368-page booklet analyzes numerical indicators of the health of U.S. science in a spectrum of areas, from scientific employment to public opinion. The purpose of the publication is to foster a broader understanding of the scientific enterprise and its impact on society. The report is valuable as a record of trends in research in the period that culminated with the end of the 1970's. By virtually every economic indicator that can be listed, the report supports the notion that the current decline in productivity of the U.S. economy was preceded and paralleled by a declining commitment to basic research. I do not wish to burden this committee with facts, but the following are a miniscule sampling of conclusions from this publication.

(i) The 1980 ratio of research workers per 1,000 members of the U.S. labor force was less than the same ratio of 1968.

(ii) The ratio of research expenditures to the gross national product reached an all time high in 1964 and it subsequently declined throughout the entire decade of the 1970's; it is now more than 20 percent less than the level of 1964 and it now ranks lower than our major industrial competitors, Japan and West Germany. In the same period and by the same measure, the research investment in the Soviet Union climbed by 21 percent, in Japan by 27 percent, and in West Germany by 41 percent.

(iii) Failure of research budgets over the past decade to keep up with inflation has reached such a crisis that 1981 funding could buy no more than it bought in 1972.

(iv) The report indicates that private industry is unlikely to assume the expense of most types of basic research.

Indeed, research funding by industry has increased in dollar amount every year since 1950. However, because of inflation, those annual increases have not been real. In fact, industrial expenditures on research reached an all-time low in 1975. Since then, annual increases have fluctuated. The current average annual increase may range near 4.5 percent, which again will not keep pace with inflation.

These facts and the entire Science Indicator - 1980 report emphasize that technology transfer from basic research to industry is not a limitation in the U.S. The industrial sector by its very design and objectives, namely a profit motive, will rapidly assimilate any relevant basic research. Our limitations are due to a general lack of basic new ideas, new data, and new theoretical understanding at the level of basic research. We have failed to insure an adequate supply of these ingredients to our economy for over a decade. There is no reservoir of new, untapped scientific information on which our country can now rely while attempting to repair its economy. Dr. Frederic Richards, in his testimony to this committee last year, emphasized that there will be a direct and simultaneously observable relationship between basic research output and industrial productivity. Budget adjustments should be made only with that fact clearly in mind. In spite of its undirected nature, basic research is the cheapest and most financially effective of all the steps in the process of bringing products and improved techniques into the public domain.

The biochemist, Dr. Luis Leloir, recently wrote, "People with no research experience underestimate the feat of adding even a small new idea to our intellectual heritage". Facts are easy to acquire and to add to the sum of human knowledge. Productive ideas are quite different. They are difficult to conceive, they require long periods of time to be verified, and they are unlikely to be accepted upon first inception. Through its support of noncategorical research, the National Institute of General Medical Sciences has for decades developed a tradition of insuring a supply of new, basic fundamental ideas and advances upon which medical applications rely. Unquestionably, the fundamental, undifferentiated research supported with NIGMS funds, undergirds the studies of all of the other categorical institutes of NIH. NIGMS has been extremely fortunate to have been directed by a succession of administrators who know that medical advances are critically dependent on a constant infusion of new ideas. Those new ideas may come from years of investigation of bacteria, slime molds, or complex mammalian cells. The freedom of inquiry made possible through non-categorial research allows scientists every opportunity to pursue, unexpected but potentially promising, leads in pursuit of knowledge into the mechanisms of disease. The administrators of NIGMS, and those of us who have spent our lives in research well know that new discoveries can and do originate by several means. Some discoveries are made by design and, to some extent, can be planned. Some discoveries are made as tangent observations en route to an entirely different goal. But frequently, some discoveries are made by lucky accidents, supported by the inquiries of a free and informed investigator. NIGMS has fostered all three of these mechanisms for discovery principally through its investigator-initiated research grants program. Inspite of its undirected nature, basic biomedical research continues to offer the most cost-effective means to relieve suffering and to permit delivery of improved health care services. Funds spent on basic biomedical research are annually returned to the economy through prevention of disease, through increased productivity of individuals who have benefited from improved health, by stimulation of allied health industries, and more recently, through the creation of multiple new industries that are now exploiting genetic cloning and hybridoma technology.

The investigator-initiated research grants program of NIGMS should be the most resistant to budgetary erosion, because it is the most important vehicle for generating the new discoveries needed for protecting the health of the public and in furthering economic development. Nevertheless, each fiscal year, in the recent past, has proven the investigator-initiated research grants to be the most susceptible to budgetary incursion. I urge this committee to seek every possible means to avoid a stop-and-go pattern of funding for biomedical research. Our nation needs long-term commitment to the long-term research goals such as have been set by the National Institute of General Medical Sciences. For reasons that I have tried to explain in this testimony, these objectives deserve your serious support.

Thank you, Senator Schmitt and members of the committee for this opportunity to testify on behalf of the National Institute of General Medical Sciences.

STATEMENT OF THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

I appreciate the opportunity to present the views of the National Federation of Federal Employees on the proposed fiscal year 1983 budget for the Social Security Administration. NFFE represents a significant number of SSA employees, and we are concerned with the new spending and personnel proposals outlined in the agency's budget justification.

The Social Security Administration performs an essential function by providing services to over 50 million citizens. The agency administers special benefits for disabled coal miners, Supplemental Security Income Benefits, and assistance payments to families with dependent children. It also oversees child support enforcement and administers Emergency Assistance. The National Commission of Social Security acknowledged the importance of such entitlements in a report published last year. The publication, Social Security in America's Future, noted that Social Security in particular has been an integrel part of an American plan since 1930. It has helped to achieve an improved level of security for the population while preserving the incentive for a productive life. The SSA's mission in administering Social Security and the various assistance programs has likewise become an integral part of the American plan.

It is my hope that the appropriations finally approved by this subcommittee will adequately reflect the essential nature of the SSA's responsibilities. The proposed budget for fiscal 83 appears to meet the agency's needs in both personnel and spending authority for administrative functions. The agency's budget justification indicates that the total number of permanent positions will remain fairly constant, increasing by a total of thirteen positions within the SSI and trust fund-administered areas. All other agency programs (including assistance payments, black lung benefits, Federal energy assistance and reimbursable work) will experience a proportional decrease in permanent positions. It is my hope that additional positions as well as vacant positions will not be allowed to remain vacant, but will be promptly filled. Benefit claims need to be expedited, and the SSA needs personnel to ensure a prompt response to all claims. Since the SSA experienced a decrease of about 2,000 full-time permanent positions between 1981 and 1982, employees have had to deal with increasingly larger workloads. Therefore, employment levels should not be allowed to decrease further this year.

Despite the large reduction in employment experienced over the past few years, many SSA field offices remain crowded and in desperate need of repair. Last year, the subcommittee made note of the "unsafe facilities" occupied by many employees at the agency's field offices. Additionally, the full House Appropriation Committee in its report on the FY'82 appropriation bill H.R. 4560, expressed concern about the problem of inadequate and poorly maintained offices. The Committee directed the SSA to maintain its office space heretofore overseen by the General Services Administration. Unfortunately, the appropriations bill was never signed into law.

I have been encouraged, however, to note that the SSA's new budget justification has indeed recognized the necessity for improvement and expansion recommended by the Appropriation Committee. Their justification requests additional spending authority next year for construction improvemnts. It also indicates the agency's intent to work in cooperation with the GSA to improve the field space situation. The SSA's construction program so far includes the expansion of ten of the existing seventy-six district office buildings in addition to nine new construction efforts. The agency is currently conducting a re-evaluation of its district office construction priorities on a case-by-case basis assuming the expansion of eighteen additional offices. $9 million has been requested for the additional expansions. It is my sincere hope that this subcommittee will approve the additional funding for the offices whoseneed for improvement has been long recognized but still unfulfilled. The overall increase of $31,435,000 for construction programs represents a positive effort to improve the working conditions in many SSA offices.

At this point, I would also like to call your attention to another area of great concern to our members. Numerous SSA employees have experienced repeated threats from individuals who have become incenced with the reductions made in entitlement programs. SSA employees are often unfairly associated with the

Administration's attempts to limit benefit eligibility, and they subsequently become subjected to the anger of displaced recipients. Not only have our members received threatening phone calls, but they have also been physically confronted by irate individuals. It is important for the subcommittee to recognize the potential peril to which agency employees are subjected. I hope that the members of the subcommittee recommend that additional protective and guard service be added to all SSA offices. Civil servants should be legally protected from assault while performing government work; this right should be reiterated appropriately.

Mr. Chairman, I feel that the proposed budget for the Social Security Administration goes a long way in recognizing and meeting the requirements of the agency. I hope that an appropriation bill will be approved and signed into law by the end of this fiscal year incorporating the increased spending authority and permanent personnel justified by the agency. Subjecting the SSA's budget to severe spending cuts will only jeopardize the essential services which it alone can supply.

STATEMENT OF EDWARD J. CARELS, PH. D., VICE PRESIDENT OF COMMUNICATIONS, COMPREHENSIVE CARE CORP.

THANK YOU FOR THIS OPPORTUNITY TO DISCUSS FEDERAL FUNDING PRIORITIES IN THE HEALTH CARE FIELD.

I AM DR. EDWARD CARELS, VICE PRESIDENT OF COMMUNICATIONS FOR COMPREHENSIVE CARE CORPORATION, A NATIONWIDE HEALTH CARE MANAGEMENT ORGANIZATION. WE ARE THE NATION'S LARGEST PRIVATE PROVIDER OF ALCOHOLISM AND RELATED DRUG TREATMENT SERVICES THROUGH OUR OWN HOSPITALS AND CONTRACT UNITS -- CAREUNITS -- IN COMMUNITY HOSPITALS. WE ALSO OWN AND OPERATE ACUTE PSYCHIATRIC PROGRAMS. IN OUR ALCOHOL/DRUG AND PSYCHIATRIC PROGRAMS WE TREAT SOME 35,000 PATIENTS ANNUALLY. ADDITIONALLY, WE PROVIDE EDUCATIONAL PROGRAMS FOR HEALTH CARE PROFESSIONALS, EMPLOYEE ASSISTANCE PROGRAMS, GROWTH-CENTERED LITERATURE AND FREE COMMUNITY COUNSELING AND REFERRAL SERVICES.

WE ARE WELL AWARE THAT THE ECONOMY IS IN TROUBLE AND ARE IN AGREEMENT WITH THE PRESIDENT'S AND CONGRESS' ATTEMPTS TO REDUCE GOVERNMENT SPENDING AND THE PROJECTED $91.5 TO $121 BILLION FEDERAL DEFICIT FOR FY 1983. AS A COMPANY WITH MORE THAN A DECADE OF EXPERIENCE IN HEALTH CARE, WE OFFER SOME RECOMMENDATIONS ON SEVERAL ITEMS IN THE HEALTH BUDGET.

CONGRESS HAS ENACTED NUMEROUS LAWS SINCE MEDICARE AIMED EITHER DIRECTLY OR INDIRECTLY AT CONTAINING HEALTH CARE COSTS. INCLUDED IN THESE LEGISLATIVE ATTEMPTS AT COST CONTROL ARE MEDICARE REIMBURSEMENT GUIDELINES, PSRO, AND HEALTH PLANNING. TAKEN TOGETHER THEY HAVE FAILED TO CONTROL RISING HEALTH CARE COSTS. WHY?

THERE ARE MORE THAN 36 FACTORS CONTRIBUTING TO RISING HEALTH COSTS. FACTORS SUCH AS INFLATION, POPULATION GROWTH AND INCREASED LONGEVITY ARE DIFFICULT TO CONTROL. TOGETHER, THESE THREE FACTORS ACCOUNT FOR MORE THAN TWO THIRDS OF THE INCREASE IN COSTS SINCE 1950.

IN PART, HEALTH CARE COSTS ARE IMPOSSIBLE TO CONTROL IN ANY ECONOMY WHICH HAS ENTERED ITS NO-GROWTH PHASE. TODAY, INCREASED PRICES ARE THE ONLY WAY HOSPITALS AND MOST OTHER BUSINESSES HAVE TO COPE WITH STATI DEMAND AND INCREASED LABOR COSTS. RISING HEALTH CARE COSTS IS AN EXTREMELY COMPLEX PROBLEM. IT IS MULTI CAUSAL VARIANT IN NATURE AND NOT LIKELY TO RESPOND TO A SINGLUAR SOLUTION. AS GEORGE BERNARD SHAW SAID, "FOR EVERY COMPLEX PROBLEM THERE IS A SIMPLE SOLUTION. AND IT IS WRONG." SUCH IS THE CASE WITH PSRO AND HEALTH PLANNING REGARDING ALCOHOLISM TREATMENT.

ONE FURTHER QUALIFIER. I AM NOT OPPOSED TO PLANNING, PSRO OR UTILIZATION REVIEW PER SE. EFFECTIVELY IMPLEMENTED, THEY HAVE ELIMINATED ABUSES IN OUR HEALTH CARE DELIVERY SYSTEM. I BELIEVE THERE ARE MORE EFFECTIVE WAYS TO REDUCE HEALTH CARE COSTS.

PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

THE REAGAN ADMINISTRATION PROPOSES TO ELIMINATE FEDERAL FUNDING FOR PROFESSIONAL STANDARDS REIVEW ORGANIZATIONS, (PSROS) EFFECTIVE JULY 1, 1982, AND REMOVE MANDATES FOR UTILIZATION REVIEWS. PSROS COULD CONTRACT WITH STATE MEDICAID PROGRAMS AND PRIVATE SYSTEMS OF CARE TO PROVIDE THEIR SERVICES. WE CONCUR.

IN OUR EXPERIENCE, PSROS HAVE FREQUENTLY EMPHASIZED COST REDUCTIONS RATHER THAN QUALITY SERVICE OR PATIENT CARE. FOR EXAMPLE, IN ONE SOUTHERN STATE, THE PSRO SURVEYED ACUTE MEDICAL/SURGICAL HOSPITALS AND SAID THAT 6 DAYS IS THE AVERAGE LENGTH OF STAY FOR ALCOHOLISM TREATMENT. ANY LENGTH OF STAY EXTENDING BEYOND THAT PERIOD WOULD BE SUBJECT TO DENIALS. THAT STATISTICAL GUIDELINE OF 6 DAYS WAS BASED UPON HOSPITALS IN THE PAS SYSTEM WHICH PRIMARILY PROVIDE DETOXIFICATION ONLY. THIS STANDARD RUNS COUNTER TO MEDICARE'S OWN GUIDELINES OF UP TO 21 DAYS OF INPATIENT CARE, AS WELL AS THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS MODEL BENEFIT OF 30 DAYS INPATIENT AND 30 OUTPATIENT VISITS, AND THE NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM'S MODEL BENEFIT OF 20 DAYS INPATIENT AND 30 DAYS OUTPATIENT CARE. BY LIMITING THE LENGTH OF STAY TO 6 DAYS, THE PSRO IS ENCOURAGING THE REVOLVING DOOR OF ALCOHOLISM TREATMENT WHEREBY THE ALCOHOLIC IS DETOXED AND RETURNED TO THE COMMUNITY WITHOUT RECEIVING COMPREHENSIVE CARE FOR HIS DISEASE OF ALCOHOLISM. SECONDLY, THE ONSITE REVIEWERS ARE OFTEN NONPHYSICIANS WHO HAVE NO REAL KNOWLEDGE OF ALCOHOLISM TREATMENT AND ARE UNSYMPATHETIC TO REHABILITATION PROGRAMS. UNDER PSRO WE ALSO HAVE OPTHALMOLOGISTS AND CARDIOLOGISTS REVIEWING THE EFFICACY OF ALCOHOLIC TREATMENT. IS THIS PEER REVIEW? THIRDLY, THE PSROs GENERALLY FOLLOW A CRISIS APPROACH TO ALCOHOLISM TREATMENT. OFTEN TO BE ADMITTED, AN ALCOHOLIC MUST BE EXPERIENCING A "SIGNIFICANT MEDICAL EMERGENCY" SUCH AS DELIRIUM TREMENS, OR ACUTE INTOXICATION, OR BLACKOUTS. THIS RESULTS IN TREATING THE ALCOHOLIC IN LATER STAGES OF ILLNESS, RATHER THAN THE EARLY STAGES WHEN RECOVERY AND IMPROVEMENT IS MUCH MORE LIKELY. LASTLY, THERE IS LITTLE UNIFORMITY IN PSRO APPROACHES TO EVALUATING ALCOHOLISM TREATMENT THROUGHOUT THE COUNTRY. SOME SAY A PATIENT MUST BE INTOXICATED AT ADMISSION, OTHERS

REQUIRE SOME MEASURE OF PATIENT MOTIVATION TO GET BETTER. OTHERS INSIST ON A SPECIFIC PATIENT BLOOD ALCOHOL LEVEL. THIS DEMONSTRATES THE LACK OF AWARENESS BY PSRO DOCTORS REGARDING THE TREATMENT OF ALCOHOLISM.

NATIONAL HEALTH PLANNING

THE NATIONAL HEALTH PLANNING AND RESOURCES DEVELOPMENT ACT THWARTS ITS OWN GOALS OF EQUAL ACCESS TO QUALITY HEALTH CARE AT A REASONABLE COST. FOR THAT REASON, WE SUPPORT REPEAL OF P.L. 93-641 AS AMENDED, AND OPPOSE APPROPRIATIONS FOR LOCAL HEALTH PLANNING AGENCIES AND CERTIFICATE OF NEED REVIEWS. WE FAVOR SOME CONTINUATION OF FUNDING FOR NATIONAL HEALTH PLANNING GUIDELINES AND TECHNICAL SERVICES TO STATE HEALTH PLANNING DEPARTMENTS.

HERE IS OUR RATIONALE:

1) THE CON PROCESS IS EXCLUSIVELY A COST CONTAINMENT DEVICE WITH NO RELEVANCE TO REAL HEALTH CARE NEEDS OF THE COMMUNITY.

2) CON REVIEWS OF NEW OR REVISED INSTITUTIONAL HEALTH SERVICES INHIBIT CREATIVE AND DIRECT APPROACHES TO SOLVING MAJOR HEALTH PROBLEMS.

3) CON PROCEDURES IMPOSE UNWARRANTED EXPENSES AND INORDINATE DELAYS.

4) CON PROCESS DILUTES EVEN ITS COST CONTROL FUNCTION BY DEALING WITH A MULTITUDE OF PROJECTS, MANY OF WHICH DO NOT SUBSTANTIALLY DRIVE UP HEALTH CARE COSTS.

EXPLANATION OF ITEM [illegible]

ONE OUT OF SIX OF OUR NATION'S ADULTS SUFFER FROM ALCOHOLISM, DRUG DEPENDENCY, DEPRESSION OR OTHER EMOTIONAL ILLNESSES. THESE DISEASES COST THIS NATION $170.9 BILLION IN 1982 DOLLARS. ALCOHOL ABUSE IS THE THIRD LEADING CAUSE OF DEATH IN THE UNITED STATES, WHILE SUICIDE IS THE TENTH. THESE ARE MAJOR PUBLIC HEALTH PROBLEMS, YET 85 PERCENT OF THIS

NATION'S PROBLEM DRINKERS DO NOT RECEIVE HELP AND 75 PERCENT OF THE EMOTIONALLY ILL ARE NOT SEEN BY MENTAL HEALTH PROFESSIONALS. DESPITE THE OBVIOUS NEEDS FOR TREATMENT FACILITIES, WE REVIEWED SEVERAL STATE HEALTH PLANS AND FOUND NO MENTION OF THESE NEEDS. CON PROCEDURES DWELL ON BED CAPACITIES, OPERATING AND CAPITAL COSTS, RATHER THAN ON THE REAL HEALTH CARE NEEDS OF A COMMUNITY. HOW CAN PLANNERS WITHOUT CLEARLY DEFINED ALCOHOLISM AND EMOTIONAL ILLNESS TREATMENT PLANS, ADEQUATELY CONDUCT CERTIFICATE OF NEED REVIEWS?

EXPLANATION OF ITEM 2

WE ARE SUBJECT TO CON REVIEWS AND THRESHOLDS, EVEN THOUGH OUR SERVICE FULFILLS A COMMUNITY NEED. UNDER THE EXISTING HEALTH PLANNING LAWS, ALCOHOLISM TREATMENT SERVICES ARE CONSTRUED TO CONSTITUTE "NEW INSTITUTIONAL SERVICES" UNDER SECTION 1531 (5) AND AN "EXPENDITURE OF CAPITAL" FOR SUCH SERVICE UNDER SECTION 1531 (6). YET ALCOHOLISM TREATMENT IN A HOSPITAL IS NOT NEW. AN ESTIMATED 20 PERCENT OF THE PATIENTS IN GENERAL HOSPITALS ARE THERE BECAUSE OF ALCOHOL-RELATED PROBLEMS, SUCH AS LIVER DISEASE OR HEART MUSCLE DETERIORATION. RATHER THAN SIMPLY ADDRESSING MEDICAL COMPLICATION, OUR TREATMENT PROGRAM CONCENTRATES ON THE UNDERLYING DISEASE - ALCOHOLISM. IT IS A MORE DIRECT APPROACH TO SOLVING A COMMUNITY PROBLEM. ALSO, WE ARE COST-EFFECTIVE -- WE UTILIZE EXISTING HOSPITAL BEDS AND OUR SERVICE DOES NOT REQUIRE HIGH COST TECHNOLOGY OR LARGE CAPITAL EXPENDITURES.

EXPLANATION OF ITEM 3

THE NATIONAL HEALTH PLANNING LAWS WITH THE MULTIPLE REVIEWS CONTRIBUTES TO RISING HEALTH CARE COSTS AND INHIBITS ACCESS TO CARE. THE CALIFORNIA HOSPITAL ASSOCIATION ESTIMATES A CON APPLICATION COSTS IN EXCESS OF $50,000 TO PREPARE. OUR EXPERIENCE IS SIMILAR. DURING OUR PRESENT FISCAL YEAR, WE APPLIED FOR 48 CONs TO BEGIN ALCOHOLISM AND ACUTE PSYCHIATRIC TREATMENT SERVICES IN COMMUNITIES WHERE OUR MARKETING FEASIBILITY STUDIES REVEAL THERE IS A NEED. OUR COSTS PER APPLICATION WERE $35,000, COUPLED WITH LOCAL AND STATE HEALTH PLANNING AGENCY COSTS OF

ABOUT $4,500 PER APPLICATION. SO FOR 48 CONS, WE, THE TAXPAYORS AND ULTIMATELY HOSPITAL PATIENTS HAD TO PAY $1.9 MILLION. AND THE EXPENDITURE WAS UNWARRANTED BECAUSE WE HAVE A 90 PERCENT APPROVAL RATE ON OUR INITIAL CON APPLICATIONS, AND ON THOSE RESUBMITTED OR APPEALED, WE ULTIMATELY RECEIVE APPROVAL EVERY TIME.

THE CON PROCESS HAS BROUGHT DELAYS IN IMPLEMENTING OUR TREATMENT PROGRAMS FROM 6 MONTHS TO UP TO THREE YEARS IN SUCH STATES AS NEW YORK. ONLY IN STATES WHICH ELIMINATED LOCAL HSAS AND STREAMLINED THEIR POLICIES HAVE TIME DELAYS BEEN REDUCED TO ABOUT 45 DAYS.

EXPLANATION OF ITEM 4

THE CALIFORNIA HOSPITAL ASSOCIATION HAS POINTED OUT THAT THERE HAVE BEEN CASES WHERE CON APPLICATION COSTS ARE ALMOST HALF THE TOTAL PROJECT COST. BECAUSE COMPCARE UTILIZES EMPTY HOSPITAL BEDS, OUR CAPITAL EXPENDITURES ARE OFTEN LESS THAN $250,000. FREQUENTLY, WE ARE AT HEARINGS WHERE OUR PROJECT UNDERGOES THE SAME RIGOROUS SCRUTINY AS A MULTI-MILLION DOLLAR HOSPITAL WING. WE UNDERSTAND THAT ONE-QUARTER OF ALL CON PROJECTS INVOLVE EXPENDITURES OF $1 MILLION OR MORE, WE BELIEVE IT IS THOSE PROJECTS WHICH SHOULD BE SUBJECT TO COST REVIEW.

BELIEVE THAT THE PROPER ROLE OF THE FEDERAL GOVERNMENT IS TO SET NATIONAL GUIDELINES FOR HEALTH PLANNING, SUCH AS "REDUCING THE PREVALENCE OF ALCOHOLISM AND RELATED DISABILITIES AND DEATHS BY AT LEAST 5 PERCENT" AND PROVIDE SOME TECHNICAL ASSISTANCE TO STATES, MOST OF WHICH PLAN TO KEEP THEIR HEALTH PLANNING PROVISIONS IN FORCE.

THE BASIC CONCEPT OF HEALTH PLANNING IS A GOOD ONE. THE PROBLEM IS THE CONCEPT HAS NOT REALLY BEEN IMPLEMENTED. THERE IS NO REAL HEALTH CARE NEED PLANNING. THE BASIC TENET OF HEALTH PLANNING HAS BEEN THERE ARE A LARGE NUMBER OF EXCESS BEDS IN THE HOSPITAL INDUSTRY AND THAT THIS EXCESS CAPACITY IS COSTLY TO BOTH CONSUMERS AND THIRD-PARTY PAYORS FOR HEALTH CARE. IT IS COMMONLY BELIEVED THAT THIS EXCESS CAUSES "EXCESSIVE UNNECESSARY HOSPITALIZATION." IN CALIFORNIA, AN INTERESTING STUDY WAS

CONDUCTED BY ERNST AND WHINNEY FOR THE HOSPITAL COUNCIL OF SOUTHERN CALIFORNIA. THE CONCLUSIONS WERE ILLUSTRATIVE. WHILE THEY FOUND EXCESS BED CAPACITY, IN THE STUDY, POPULATION OF ORANGE COUNTY, DATA PUBLISHED BY CALIFORNIA HOSPITAL ASSOCIATION ON HOSPITAL USAGE PER THOUSAND POPULATION DOES NOT REFLECT EXCESS USAGE. ON THE CONTRARY, HOSPITAL USAGE IN ORANGE COUNTY IS BELOW THE AVERAGE FOR CALIFORNIA, AND CALIFORNIA IS SIGNIFICANTLY BELOW THE NATIONAL AVERAGE.

MEDICARE

LAST YEAR, THE OMNIBUS BUDGET RECONCILIATION ACT CUT MEDICARE BY MORE THAN $1 BILLION IN FY 1982 AND PROGRAMMED IN AUTOMATIC CUTS OF ANOTHER $1 BILLION IN FY 1983. THE ADMINISTRATION'S FY 1983 BUDGET PROPOSAL WOULD CUT AN ADDITIONAL $2.5 BILLION IN MEDICARE THROUGH LEGISLATIVE AND REGULATORY INITIATIVES.

WE JOIN WITH THE AMERICAN HOSPITAL ASSOCIATION, BLUE CROSS AND OTHERS IN OPPOSING CUTTING HOSPITAL REIMBURSEMENT BY 2 PERCENT. THE SAVINGS ESTIMATE OF $650 MILLION WOULD BE SHIFTED TO OTHER PAYORS INCLUDING HEALTH INSURERS AND PRIVATE PAY PATIENTS. HOSPITALS ALREADY SERVING A LARGE PORTION OF MEDICARE BENEFICIARIES WOULD BE THE HARDEST HIT AND LEAST ABLE TO SHIFT THE COSTS TO OTHER PAYORS.

IN LIEU OF FURTHER MEDICARE REIMBURSEMENT CUTBACKS, WE WOULD SUPPORT THE DEVELOPMENT OF A VOUCHER SYSTEM, WHICH WOULD ENABLE MEDICARE BENEFICIARIES TO USE THEIR BENEFITS TO ENROLL IN PRIVATE HEALTH PLANS, AS LONG AS THE COVERAGE WAS AT LEAST EQUAL TO THAT OF MEDICARE.

OFFICE OF PERSONNEL MANAGEMENT

WHILE NOT FINANCED UNDER THE HEALTH CATEGORY OF THE FY 1983 BUDGET, THE U.S. OFFICE OF PERSONNEL MANAGEMENT AS OVERSEER OF THE FEDERAL EMPLOYEE HEALTH BENEFITS ACT AND AS DIRECTED BY THE HUGHES ACT HAS SIGNIFICANT RESPONSIBILITIES FOR THE HEALTH OF FEDERAL EMPLOYEES AND THEIR FAMILIES.

[illegible] THAT IN NEGOTIATIONS WITH FEHB INSURANCE CARRIERS OPM SUGGESTED SIZEABLE REDUCTIONS IN MENTAL ILLNESS COVERAGE FOR FEDERAL EMPLOYEES AND THEIR FAMILIES AND ALLOWED THE ELIMINATION OF THE 28-DAY INPATIENT COVERAGE FOR ALCOHOLISM TREATMENT IN THE BLUE CROSS AND BLUE SHIELD ASSOCIATION'S SERVICE BENEFIT PLAN.

SUMMARY

HEALTH CARE COSTS ARE MULTIVARIATE IN NATURE. THE KEY TO REDUCING THEM IS A COORDINATED PLAN WHICH TAKES ALL OF THE VARIOUS FACTORS INTO CONSIDERATION. IT IS AN UNFORTUNATE BUT TRUE FACT THAT PEOPLE ARE UNLIKELY TO DO SOMETHING UNLESS THEY ARE GIVEN A SUFFICIENT REASON TO DO SO. TIME DOESN'T PERMIT A DISCUSSION OF COST SAVING PROGRAMS BUT THE KEY TO SUCCESS WILL BE INCENTIVES.

STATEMENT OF DR. MARGARET T. GORDON, DIRECTOR, CENTER FOR URBAN AFFAIRS AND POLICY RESEARCH, NORTHWESTERN UNIVERSITY

I am the Director of the Center for Urban Affairs and Policy Research at Northwestern University in Evanston, Illinois. I also chair the National Advisory Committee to the U.S. Secretary of Health and Human Services on the Prevention and Control of Rape.

I am submitting this testimony in order to argue publicly five basic points:

1) that rape continues to plague our nation as a heinous crime against all society; it and the fear it generates affect not only the victim but men, their wives, mothers, daughters, sisters and friends.
2) that there are no data to show the $3 million in federal monies for services to rape victims which was rolled into a "set aside" preventive services block grant last year are in fact being used for victim treatment or rape prevention;
3) that the National Center for Prevention and Control of Rape (NCPCR) at the National Institutes of Mental Health (NIMH) is doing what it was mandated to do and deserves continued support;

4) that the attack on social science research is having understandable repercussions at NIMH as struggles there to be responsive to Presidential and Congressional concerns unfold; one consequence is to exclude some important research that the NCPCR is mandated to do by law and is important to the rape area; and

5) that the National Advisory Committee on the Prevention and Control of Rape supports the work of the NCPCR and NIMH, and therefore urges you to support NIMH while earmarking $2 million of their funds for new research and dissemination on causes and prevention of rape, and how best to educate the various publics about the crime and its prevention.

Now let me support these points.

1) Rape continues to affect all of us.

- The victimization surveys conducted through the U.S. Census reported that 192,000 women were raped in 1979 (an increase of 47,000 or 24% over the 1976 figures) and it is estimated that since many victims don't report their rapes to anyone, these figures represent only 10% to 25% of the rapes that actually occur;
- The 192,000 rapes in 1979 represent 1.1 rapes per thousand women for only that one year; if a woman lives in a large city in the U.S. for 25 years, she has a one-in-twelve chance of being raped during that time;
- Next to murder, rape is the most feared crime;
- Women are substantially more fearful than men, though they are the least victimized of every crime except rape;
- 75% of women in the United States are afraid to walk alone on the streets in their own neighborhoods at night, and they are regarded as "asking for trouble" if they do so;
- Rape, and the fear it induces in every woman (and in many men for their wives, sisters and friends), is destructive of individual lives (because women voluntarily barricade themselves indoors) and destructive of communities (because the participation of isolated, fear-paralyzed citizens is lost).

In recent years there has been marked improvement in the services available to victims; treatment by police and hospitals has so improved in the large cities that victims are much less hesitant to report the crime. As a result, some believe the rate of rape has not increased, but rather only the rate of reporting rapes. (It is likely that both rape and reporting it have increased.) Victims in many cities are now able also to get help from rape crisis centers, women's centers, churches and community mental health centers. However, too often provision of service is dependent on volunteers who are "burning out." They need federal support---in terms of both training materials and sound information about the crime and its consequences.

2) Last year's Congressional debates over the budget led to $3 million being put in a special "set aside" health preventive block grant to the states. Early reports from a national coalition of rape crisis centers indicate that in many states the money is not being used for services to rape victims or for rape prevention activities. In many instances state officials cannot even explain how the money is being used.

Throughout the early 1970's, women activists worked hard to interest members of the House and Senate in establishing a National Center for the Prevention and Control of Rape (NCPCR). Finally, in 1976 it was authorized under Public Law 94-63 and located within the National Institute of Mental Health, Department of Health and Human Services (formerly the Department of Health, Education and Welfare). It became the focal point for federally coordinated research, training and prevention activities in the area of rape and sexual assault.

The Mental Health Systems Act, which Congress repealed when it approved a mental health, drug, and alcohol abuse block grant last year, would have added $6 million to the NCPCR's budget provision of services to victims in FY82, $12 million in FY83 and $15 million in FY84. Instead, a mere $3 million was put in a "set aside" grant, and that minimal amount appears to be further diluted if not lost in the states.

Steps should be taken to be sure that even this relatively small amount of money is being used for what it was intended. If it is found it is not being used for services, the money should be returned to a federal agency, perhaps the NCPCR, for dispersal.

3) Still remaining at NCPCR in NIMH are the research, training, and prevention activities authorized by the law. The NCPCR has been carrying out its mandate, and deserves to be supported.

RESEARCH

NCPCR's principal research thrust has been on treatment of victims. Results from three projects completed in 1982 include the following:

- Dean Kilpatrick's study on "The Treatment of Fear and Anxiety on Rape Victims" (MH29602) reports that rape produces extreme psychological trauma, and those who assist rape victims must take this into account. Practical implications are that police should not expect victims to give completely accurate statements a few hours after the rape; however, they can be expected to remember more detail as anxiety lessens. Kilpatrick's study at the Medical University of South Carolina, has also provided an effective short-term treatment model which uses a social learning theory approach to deal effectively with panic attacks and feelings of anxiety, as well as preparing the victim for a more effective court appearance.

- In "The Rape Victim: Her Response and Treatment" (MH29692), Ellen Frank of the Western Psychiatric Institute assessed women's perceptions of the helpfulness of significant relatives and friends. An important finding is that those women who rated even one person in their network as having a negative impact were much more likely to be more depressed and to have a lowered self-esteem. The study is now focusing on ways to involve and assist network members to overcome negative attitudes, as well as providing direct assistance to the assault victim.

- Karil Klingbeil and Doris Stevens of the Harborview Medical Center of the University of Washington, in a study of "Alternative Interventions for Sexual Assault Victims" (MH28969), developed and evaluated a systematic agency-initiated rape crisis intervention program, with the goal of ameliorating coping difficulties frequently experienced by rape victims. The experimental subjects were contacted, by telephone and in person, at regular intervals by agency personnel; the control subjects received follow-up services only when they requested such services. All subjects were tested on coping difficulties at one, six, and thirteen months after the rape. Few differences were found between the two groups at any of the three points in time in terms of reported problems or in terms of victim strategies for coping with these problem areas. The study casts doubt on the proposition that traditional kinds of helping interventions are necessarily helpful, and suggests that what is needed is a series of careful studies linking individual differences among victims, the timing of interventions, and the effectiveness of different kinds of treatment interventions.

TRAINING

The Center's first training grant, conducted by Debra Kay, of the North Carolina Rape Crisis Association (LEADERSHIP TRAINING WORKSHOPS FOR NORTH CAROLINA RAPE CRISIS CENTERS, (MH15664), focused on leadership training for rape crisis center staff in the State of North Carolina. Participating rape center staffs, drawn from about twenty mostly rural catchment areas, were able to meet regularly for self-development activities, management training experiences, and sharing of problems and successful strategies. The women, on their own initiative, also developed a network for lending and borrowing expensive materials, such as public education films. Isolation of rural centers was reduced, program development was enhanced, and a permanent interactional network was established.

The grantee, while coordinating and assisting in the above process, also selected trainers and training materials for the group. The most successful of these materials have been incorporated into a report which is being adapted for a training manual to be published by NCPCR.

PREVENTION

Prevention/intervention materials produced and distributed by the Center include films, pamphlets, and monographs for service delivery workers and the general public. They include

Film: In response to a need expressed by medical personnel for training material to assist doctors, nurses, and counselors in responding to the complex set of issues--psychological, medical, and legal--that surround the treatment of sexual assault victims, the National Center for the Prevention and Control of Rape now makes available the film, "Rape: Caring for the Adult Female Victim." This film was produced for NCPCR under contract and is intended for use by hospital, medical, and counseling staff and others who deal with victims of sexual assault. (See Appendix A)

The film presents a model for creating a sensitive, supporting and non-threatening environment in which to treat the physical injuries sustained by the sexual assault victim, and outlines the procedures necessary to insure the careful, systematic collection and documentation of evidence of the assault which are required should the victim make the decision to seek prosecution. It highlights the importance of the role of medical personnel as the linkage between the victim and the legal system, and between the victim and the mental health service delivery system. This film is being reproduced by the Bureau of Medicine and Surgery of the National Naval Medical Center, to be distributed to naval regional medical centers around the world. It is also being disseminated to one hundred fifty major hospitals by the Society of Hospital Social Workers affiliated with the American Hospital Association; in a year's time, it is projected that a minimum of 200 hospitals and 3200 staff members will be reached by this means.

Pamphlet: Take a Bite Out of Crime was produced by the Department of Justice, Office of Justice Assistance, and is disseminated by the Rape Prevention Center. In a comic book format, the book dispels myths and gives clear, factual information about rape and child sexual abuse in a vary readable format. To date, 10,000 copies have been distributed nationwide by NCPCR. Requests are from the general population. This year there has been a marked increase of requests by teenagers. (See Appendix B)

Monograph: National Directory: Rape Prevention and Treatment Resources provides a ready reference of 700 nationwide prevention and treatment services. Through this directory, the Center helps all citizens who are affected by sexual assault and enables Service Agencies throughout the country to coordinate their skills and knowledge with each other on behalf of those they serve. Over 3000 copies have been distributed so far. (See Appendix C)

An important aspect of the public service function of the Center is its responsibility to disseminate information and to improve communications within the field of sexual assault. The Center distributes the materials in Appendices A-C, as well as Uniform Crime Statistics on the

Crime and summaries of all research projects funded and/or completed to researchers, professionals delivering services in the community and the general public.

New materials are currently being completed which are targeted for policy makers, journalists and clergy. In the planning stages are materials for judges, prosecutors and teachers -- all of whom have requested help in dealing with rape and its consequences.

4) Although the NCPCR has managed to continue to carry out the mandate as set forth in the law creating it, and is producing the kinds of information needed to educate the public so that rape can be controlled, and perhaps prevented, the NCPCR is caught in the current attack on social science. Given this attack, there are understandable repercussions to narrow the boundaries of NCPCR activities so that it would be limited to funding research on treatment of victims.

TO LIVE UP TO ITS MANDATE, THE NCPCR MUST ALSO BE ALLOWED TO ENGAGE IN RESEARCH AND TRAINING ON THE CAUSES AND PREVENTION OF RAPE. ONLY TREATING VICTIMS AFTER THE FACT OF ATTACK WILL NOT HELP TO PREVENT OR CONTROL RAPE.

Grant applications for projects on prevention, control, public education and legal reforms are not even being reviewed by those who judge proposals on their scientific merits. As chair of Secretary Schweiker's Advisory Committee, I am very concerned about the NCPCR -- in the current political and fiscal climate -- being able to carry out its mandate without your help.

5) Therefore, I call on you to support NCPCR and NIMH -- which is desperately trying to be responsive to Presidential and Congressional concerns. As I wrote to Secretary Schweiker (See Attachment D), our entire Advisory Committee supports the work of the NCPCR and wishes to go on record with your subcommittee in support of NIMH receiving the added funds ($15-16 million) recommended in the President's FY83 budget. If there is a continuing resolution, we hope that NIMH funds could nonetheless be pegged at the recommended FY83 level. And further we hope your subcommittee might note that it expects $2 million of NIMH funds to be used by the NCPCR to support research and dissemination of results on the causes and prevention of rape and how best to educate the public about the crime

and its prevention. These amounts will allow the maintenance of past gains and important, additional progress toward both preventing and controlling rape, and enabling communities to have the information and expertise they need to serve victims.

Furthermore, there is immense public support for federal spending in this area. Since 1971 national polls have monitored the public's opinion about government spending in ten major areas. People were asked if government spending was "too much," "too little" or "just about right." For the last 10 years crime prevention and control and victim services has had the most support for more government spending. It has consistently been the number one issue on which the public thinks government spends "too little," and the proportion of the population thinking this way has remained nearly constant at about 70 percent. Law enforcement officials, mental health workers and others with experience with populations under economic and work stress expect that violent crime and rape will escalate as aspirations are increasingly frustrated and they perceive the federal "safety net" to be weaker and weaker.

To deny these minimal funds at this time would be tantamount to turning your backs on the women of America.

STATEMENT OF THE AMERICAN MENTAL HEALTH COUNSELORS ASSOCIATION

THE AMERICAN MENTAL HEALTH COUNSELORS HAVE SOME CONCERNS ABOUT THE PROPOSED BUDGET AND THE CURRENT FISCAL POLICY.

THESE ARE STRESSFUL TIMES IN AMERICA. HIGH UNEMPLOYMENT, RUNAWAY DEFICITS, AND UNBALANCED BUDGETS, AND CUTBACKS THAT EFFECT THE POOR, THE SICK, THE HUNGRY. YOUNG AND OLD PEOPLE AND FAMILIES ARE TRYING TO COPE... AND MANY ARE. BUT IN TIMES SUCH AS THIS, THERE IS A FAR GREATER INCIDENT OF MENTAL STRESS AND DISORDERS. THE INCIDENT OF SUICIDE, SUBSTANCE ABUSE INCREASES. TO DEAL WITH THE RESULTS OF THIS WORSENING PATTERN, A SUPPORTIVE EFFORT IS REQUIRED, AND SKILLED, WELL-TRAINED PEOPLE ARE NEEDED.

IN THE PRESIDENT'S BUDGET, ALCOHOL, DRUG ABUSE AND MENTAL HEALTH ARE CLEAR LOSERS. ON TOP OF LAST YEARS DISMANTLING, THE 1983 BUDGET ASKS FOR ANOTHER 10% CUT AND A $41 MILLION REDUCTION.

FUNDS FOR TRAINING

ALTHOUGH WE SUPPORT THE RESEARCH INITIATIVES PROPOSED, WE ARE DISAPPOINTED TO SEE CLINICAL TRAINING PROPOSED TO BE ELIMINATED ALTOGETHER FOR MENTAL HEALTH. WE SEEK RESTORATION OF THE $43.2 MILLION SO THAT TRAINING CAN BE FUNDED AT THE FY 1982 LEVEL OF $57.6 MILLION.

TRAINING FUNDS HAVE ALSO BEEN SLASHED IN THE PRESIDENTS BUDGET FOR DRUG ABUSE AND ALCOHOLISM. THESE FUNDS TOO SHOULD BE RESTORED AT LEAST TO THE 1982 LEVELS. BOTH FOR CLINICAL TRAINING AND RESEARCH TRAINING.

DISCRETIONARY PROGRAMS

DISCRETIONARY PROGRAMS ARE THE FOUNDATION UPON WHICH OUR BASIC HEALTH SERVICE DELIVERY, EDUCATION, PREVENTION, RESEARCH, AND TRAINING SYSTEMS ARE BUILT. IN THE ABSENCE OF FEDERAL SUPPORT, NEITHER STATE NOR LOCAL GOVERNMENTS, NOR THE PRIVATE SECTOR ARE FINANCIALLY CAPABLE OF CONTINUING THESE VITAL PROGRAMS.

HEALTH PROGRAMS AND ADMINISTRATORS ARE STILL REELING FROM THE IMPACT OF THE $2.3 BILLION IN CUTS THEY SUFFERED IN FY 1982. NOW, BEFORE THE FULL FORCE OF THESE CUTS HAS BEEN FELT OR EXAMINED, THE ADMINISTRATION PROPOSES TO WITHDRAW ANOTHER $600 MILLION FROM HEALTH SERVICE PROGRAMS IN FY 1983. THIS PROPOSAL DOES NOT TRIM FAT FROM OUT NATION'S HEALTH PROGRAMS, IT CUTS OUT THE VERY HEART. THE AMERICAN MENTAL HEALTH COUNSELORS ASSOCIATION IS AWARE OF THE CURRENT DISTRESSING ECONOMIC CLIMATE, HOWEVER, WE ARE ALSO AWARE THAT DISCRETIONARY HEALTH PROGRAMS ARE AMONG THE MOST COST-EFFECTIVE OF OUR EFFORTS, BY REDUCING THE NEED FOR GREATER FUTURE OUTLAYS FOR MEDICAL CARE.

IT IS OUR BELIEF THAT THERE SHOULD BE NO FURTHER REDUCTIONS IN THE REALM OF DISCRETIONARY PROGRAMS. THESE PROGRAMS HAVE BEEN THE SOURCE OF PUBLIC HEALTH INNOVATION AND PROGRESS, AND HAVE DEALT WITH PROBLEMS BEYOND THE REACH OR INTEREST OF ENTITLEMENT PROGRAMS.

BLOCK GRANTS

We cannot support a further reduction of funding, under the block grant, for a $13.0 million cut as proposed by the President. This Committee should look closely at the proposal of health related block grants proposed for transfer to the Office of the Assistant Secretary for Health, for administrative purposes.

DISABILITY REVIEW

Congress has expressed a concern on the eligibility of disability recipients, but it appears that a chaotic review by the Administration has led to serious financial setbacks and abrupt benefit cut-offs for disabled persons.

We hope this Committee will express its concern for these recipients so they are not unfairly treated by a motivation to cut federal spending, and support legislation designed to provide an orderly review and transition.

MEDICARE/MEDICAID CUTS

The nation's two largest healthcare programs, Medicare and Medicaid, which provide benefits to the elderly and poor are under attach because they are entitlements.

We recognize the fiscal pressures these entitlement programs create, and we are supportive of the introduction of appropriate restraints. But we do not believe that the simple cost shifting which lies at the core of President Reagan's budget proposals in this area will really solve anything. The entire third party reimbursement system in this nation must be reformed. Shaving at the edges of benefit programs that are designed for the truly needy will not do the job. Further shifts of costs to states, or to the nation's most vulnerable citizens, the aged, disabled and crippled and their families, are not easily acceptable, and should be examined closely before consideration for enactment.

AGING

MR. CHAIRMAN, A SPECIAL CONCERN OF THE MENTAL HEALTH COUNSELORS CENTERS AROUND THE ELDERLY, WHO, BECAUSE OF TODAY'S ECONOMY, ARE MORE CONFUSED AND DEPRESSED AND UNDER MORE STRESS THAN MOST OF US.

TODAY, THE ELDERLY ARE INCURRING INCREASINGLY GREATER FINANCIAL BURDENS FOR RECEIVING HEALTH CARE SERVICES THAT DO NOT EVEN MEET THEIR TOTAL HEALTH NEEDS. THE PRESIDENT, THROUGH HIS FISCAL YEAR 1983 BUDGET, IS PROPOSING TO MAKE THESE BURDENS MUCH HEAVIER.

WE BELIEVE THAT THE PROPOSALS

- WILL IMPOSE UNREASONABLE FINANCIAL BURDENS ON ELDERLY PERSONS AND WILL THREATEN THEIR TOTAL HEALTH STATUS;
- WILL SHIFT COSTS TO OTHER HEALTH CARE CONSUMERS;
- ARE BASED ON MISGUIDED AND MISLEADING ASSUMPTIONS;
- OFFER NO IMPROVEMENTS IN THE HEALTH CARE SYSTEM, BUT HAVE THE POTENTIAL TO EXACERBATE EXISTING PROBLEMS OF ACCESS, COST, AND QUALITY.

THANK YOU FOR THIS OPPORTUNITY TO EXPRESS OUR CONCERNS AND FOR YOUR SUPPORT.

STATEMENT OF THE U.S. CONFERENCE OF CITY HEALTH OFFICERS

The U.S. Conference of City Health Officers and its affiliate, the U.S. Conference of Mayors, have numerous concerns relating to health appropriations in the 1983 fiscal year. Of program areas that fall under the Office of the Assistant Secretary for Health, three are particularly important. These are:

Health Services Research

Health Statistics

Adolescent Family Life

National Center for Health Services Research

As this subcommittee recognizes, in recent years, city governments have assumed ever increasing responsibility for provision of health services in this country.

Cities are intimately familiar with the difficulties inherent in reaching decisions on the allocation of scarce resources. Given the current economic situation, these difficulties can be expected to continue and intensify. Information generated by sound and objective health services research can make a substantial contribution to this decisionmaking process.

Now, more than ever, city governments will need valid, reliable and uniform information upon which to base their decisions. Even if the resources required to develop such a health services research capacity within city governments were available (and they clearly are not), such a costly duplication of effort would certainly not be merited. But the need for this type of information is very strong.

The National Center for Health Services Research has developed such a research capability and, more importantly from the perspective of city health officers, the NCHSR User Liaison Program has been designed to focus on the production of research information that will be useful to city, county and state governments.

The User Liaison Program has been effectively developing activities that are tailored to address the needs of city, county and state government officials, and I and many of my associates in the U.S. Conference of City Health Officers have become personally involved in several such activities.

Therefore, the NCHSR FY83 budget presently before this Subcommittee is of great concern to our organization. Our major problem with respect to the NCHSR FY83 appropriation is not the amount of funding proposed, but rather the fact that the proposed FY83 budget calls for a 29-position Reduction in Force (RIF).

We believe that 29-position RIF would decimate the NCHSR staff. NCHSR lost 45 budgeted positions in FY82 and I think experience indicates a further reduction would very likely force many of the remaining highly qualified people out of the organization -- either by "bumping" or by voluntary departure ("early out" retirement or taking other jobs).

In short, the most urgent problem we bring to your attention is not funds, but rather the negative impact of another RIF on a valuable Federal agency.

We strongly urge the Appropriations Subcommittee to:

1) specify that the 29-position reduction (to be accomplished by RIF) is rescinded; and
2) suggest to the Committee that, if necessary, the transfer of $630,000 from the "research" budget to the "program" budget to "pay" for the 29 positions in question should be authorized.

Health Statistics

At no other time have statistics and data been as significant as they are today. Block grants have created a new system of public health services delivery and without data, it will be impossible to determine the impact--positive or negative--of block grants on the Nation's health.

For this reason, we urge the Committee to recommend full funding for health statistics under OASH.

One example of worthwhile data collected, and partially supported by the Office of the Assistant Secretary, is the National Public Health Program Reporting System. While city health officers would endorse a greater focus on local service deliverers and the inclusion of outcome measures, we feel this is a unique, necessary and valuable effort. It must continue.

Adolescent Family Life

The U.S. Conference of City Health Officers urges this Subcommittee to favorably consider a $16 million appropriations level for the Adolescent Family Life program if, and only if, three fourths of the funds ($12 million) are used to support demonstration programs that encourage family participation in Family Planning Programs (Title X PHSA).

On several occasions, USCCHO has commented concerning the proposed Family Planning regulations. We have taken strong exception to the issuance of regulations, particularly regulations in violation of Congressional intent.

In reauthorizing Title X, Family Planning Services, Congress indicated family participation in family planning services should be encouraged. Mandated family participation was specifically rejected by House and Senate Conferees. Therefore, we believe, any regulations mandating family participation in family planning services contradict the will of the Congress.

For a number of other reasons, the Conference of City Health Officers has objected to the proposed rule:

- o Sexually active teenagers will be discouraged from seeking family planning services. Increased numbers of pregnancies and abortions that will result present far greater health risks than do contraceptive drugs or devices.

- o Doctor/patient confidentiality will be jeopardized.

- o Decisions about prescriptions for medically approved drugs and devices are most appropriately made through consultation between a physician and an individual. Concerns about the health of a child should certainly be evaluated by someone trained in medicine, not by blanket regulation.

- o The regulations would overrule laws in thirty states and the District of Columbia affirming rights of minors to obtain family planning services on their own consent.

- o The administrative and fiscal burdens to be placed on project grantees as a result of notification and verification are not consistent with the Administration's policy of deregulation.

There is an option we would be happy to explore with the committee that could encourage family participation in family planning programs while avoiding issuance of regulations. This is the establishment of demonstration programs.

- o Model programs in which family participation is successfully achieved could be identified and described. Efforts to include adolescents' families are already taking place in the Baltimore City Health Department, for example, where significant numbers of young people are agreeing to involve their families in family planning services.
- o Support for demonstrations could come from the Adolescent Family Life Program. As we understand the program, it is to provide grants for demonstration projects and research studies. Work with teenagers and their families is included in the program's mission. Three fourths of the FY83 appropriation could be used for demonstration projects encouraging family participation.

We thank you for the opportunity to share our perspective before this Subcommittee. The United States Conference of City Health Officers would be pleased to offer additional information or answer any questions.

STATEMENT OF GARY FILERMAN, PRESIDENT, ASSOCIATION OF UNIVERSITY PROGRAMS IN HEALTH ADMINISTRATION

Mr. Chairman and Members of the Subcommittee, my name is Gary Filerman and I am the President of the Association of University Programs in Health Administration (AUPHA). Our Association is an international consortium of faculty from 118 colleges and universities. Our single purpose for joining together is to improve health services delivery through education for administration.

Mr. Chairman, this Nation has built quite an impressive health record. Life expectancy has been increased significantly over what it was at the start of this century, infant mortality rates have been reduced dramatically, and many communicable diseases have been all but eliminated. Of course, this is not news to you because, in fact, this Subcommittee has played an integral part in the progress we have made.

Each success has enabled us to better focus our efforts on new challenges and remaining needs. We believe that one such need is for qualified leadership in the health services field. Our Association regards a sound cadre of managers as being fundamental to the effective delivery of medical care. Even before block grants were enacted, health administration was recognized as being a crucial factor in the operation of health delivery systems of all types. We have long recognized the need for competent managers to run HMOs, home health agencies, community health centers, and other organizations which emphasize prevention, primary care, and low-cost alternatives. We can talk about cost containment all we want, but without competent administrators we are fooling ourselves if we believe the issue can be legislated away. We can mount all sorts of efforts to ferret out fraud and abuse, but we cannot ignore the fact that improved management training is central to the effort.

Furthermore, Mr. Chairman, I submit that with the advent of block grants the importance of having qualified health administrators has grown substantially. Some would have us believe otherwise, but the fact remains that while we may shift operational responsibility to others, we are, after all, still dealing with public funds. It would be ludicrous to believe that the need for sound management diminishes with block grants. On the contrary, the need is greater because the local responsibility is greater. In other words, the federal government must continue to regard our health system as a national priority -- not as simply a state or local matter. Federal efforts to assist by improving management capabilities not only support this priority, but also help ensure the best use of the taxpayers' dollar.

Health services administrators are essential to good management. And it takes good management to make the best use of scarce resources. On a daily basis, administrators must grapple with the problems of nursing shortages, physician availability, and practitioner competence. An effective administrator deals with those problems by utilizing his or her resources in the most efficient manner, while making sure that quality control systems function properly. Effective administrators also see to it that their facility responds to the needs of the community.

Mr. Chairman, the sad fact is that management competence in health services is grossly uneven. What is more, the problem is growing. Part of the problem can be traced directly to the fact that only about one-third of the current workforce in health administration have received appropriate education and training. (According to the U.S. Department of Labor, health administration is the health career with the largest unmet need.) The fact that there are not enough appropriately trained administrators produces a ripple effect throughout the entire health delivery system:

- Health professionals cannot be fully productive because the settings in which they practice are not properly managed;

- Cost containment efforts are less effective because of the inability of managers to establish and monitor quality control systems;

- Geographic maldistribution remains a problem so long as many rural and inner city facilities are poorly managed.

Simply put, adequate support for health administration is not only good health policy, it is also good economic policy.

I would like to add, Mr. Chairman, that the shortage I mentioned is much greater in rural areas. About 25 percent of the country's acute care hospitals are relatively small facilities located in these areas. According to the Census Bureau, rural areas contain about one-third of the U.S. population -- and close to one-half of the country's poor. By all accounts, rural areas are in serious need of qualified administrators.

Recommendation

The President's budget proposes to eliminate support for two activities that are critical to meeting the need for adequately trained administrators. Those activities -- graduate programs in health administration and health administration traineeships -- are currently operated out of the Health Resources Administration.

The Administration has not been able to produce any evidence to show that these programs have fulfilled their mission or that the need has been met. In short, Mr. Chairman, we believe the President was misguided on this issue. The programs in question are relatively small but, as I have pointed out, they are extremely cost-effective over the long run. Our Association is not seeking to bust the budget; we recognize the constraints you face. We simply ask that the two programs be continued at the FY 1982 level of funding, before the four percent reduction was applied:

	Recommendation
Graduate programs in health administration......	$1,500,000
Health administration traineeships.............	500,000

Thank you Mr. Chairman.

STATEMENT OF THE AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

The American Association of Nurse Anesthetists, is an association of approximately 20,000 nurse anesthetists, of which about 17,000 are currently in active practice. In general, the Association supports funding for nurse training programs at levels provided for in the Nurse Training Act as amended by the Omnibus Reconciliation Act of 1981 and as amended in 1982. The 1982 amendment relates to the nurse anesthetist traineeship program and would provide for an authorization of $440,000 in fiscal year 1983 and $880,000 in fiscal year 1984 under the Senate bill recently reported by the Labor and Resources Committee dealing with biomedical research. A similar provision is proposed in bills pending before the House Energy & Commerce Committee. As with a number of other areas in the nursing field, there is a shortage of certified registered nurse anesthetists. A Department of Health & Human Services study in the late 1970s indicated a need for approximately 25,000 nurse anesthetists by this time, 1982. The Graduate Medical Education National Advisory Committee has recently proposed that approximately 20,000 anesthesiologists are needed in 1990 and as part of its report, has recommended a team practice including anesthesiologists and nurse anesthetists with one anesthesiologist and two nurse anesthetists. It is assumed that not all anesthesiologists will practice in a team setting, however, depending upon the geographic location of the practice and the size of the hospital and other factors. Currently, approximately 1/2 of all anesthesiologists practice with nurse anesthetists. At present, approximately 7,000 of the 17,000 active nurse anesthetists, practice independent of anesthesiologists in areas of the country where there are no anesthesiologists in general. These areas are predominantly rural and the hospitals are predominantly smaller ones. The implications of the GMENAC study for nurse anesthetists are that about 30,000 nurse anesthetists would be needed by the year 1990 since 20,000 would be needed for the recommended team practice and since approximately 1/3 of all nurse anesthetists would probably be practicing independent of anesthesiologists just as they do now. The need for nurse anesthetists could be even higher if the team practice which is recommended were more prevalent, that is, if more than the current proportion of anesthesiologists practice in a team setting. If all anesthesiologists were practicing in the recommended team setting, the need for nurse anesthetists would probably be in the range of 40,000 to 50,000 nurse anesthetists. The American Association of Nurse Anethetists is currently undertaking a major manpower need and supply study which has been ongoing for the past year. That study essentially corroborates the findings of the other studies mentioned.

Despite the present and projected shortages of nurse anesthetists, the capacity to produce more nurse anesthetists is severely limited. The number of accredited training programs for nurse anesthetists has fallen from 225 to 145 during the past 5 years. The profession is basically producing certified registered nurse anesthetists at almost a flat rate of growth. The net addition to the total number of certified registered nurse anesthetists practicing in this country has been at best about 3% in the past few years. The numbers of training programs have been declining recently and that percentage may in fact be dwindling. One of the constraints upon producing a larger number of nurse anesthetists is the lack of financing for trainees during their two-year training program. The intensity of the academic and clinical phases of the program make part-time work literally impossible. Most of the trainees are people in their mid- to late-20s and a very high proportion have families. Traineeship support or other forms of scholarship support are not available under any of the Nurse Training Act programs with the exception of the nurse anesthetist traineeship program which has not been funded during the two years in which it was authorized. We would urge that funds be provided in fiscal year 1983 to the extent permitted by the Nurse Training Act authorization ceilings in order to start a traineeship program to provide assistance to eligible students and to encourage an increased number of students entering the field. While this is a very small amount, it may be sufficient to support approximately 100 trainees.

One of the major reasons why the training programs have been closing is the inability of the program to provide adequate stipends to trainees. As a result, trainees are unable to enter the programs and when the numbers of enrollees become extremely small, the viability of the program is undercut.

Training programs are primarily hospital-based although a few training programs are in schools of nursing and schools of allied health. After the two-year training program is over, national board exams must be taken and the nurse anesthetist must be certified as having passed that exam.

The American Association of Nurse Anesthetists is also particularly supportive of full funding at authorized levels for the special projects program. It offers some support for institutions attempting to develop programs to meet shortage areas. That program has received so little funding in the past that expanding into areas such as the field of anesthesia has been impossible.

We generally support the position of the American Nurses Association for the funding of all of the Nurse Training Act programs at their authorized levels.

STATEMENT OF DR. PETER S. SMITH, CODIRECTOR, HEMOPHILIA CENTER OF RHODE ISLAND

I am Dr. Peter S. Smith. I am the Medical Co-Director of the Hemophilia Center of Rhode Island Hospital in Providence, an associate of the New England Regional Program.

We are deeply grateful for your past support of hemophilia research and care. As you know, there has been a revolution in hemophilia treatment and care in the last ten years due to the availability of plasma clotting factors and to home infusion therapy. It is difficult to find other examples where science has been so swiftly translated into patient care.

I would like to tell you how your past and future support for comprehensive hemophilia treatment and hemophilia research has helped and will help thousands of hemophiliacs to be healthier, more productive citizens.

In 1975, Congress enacted Section 1131 of P.L. 94-63, which established the Comprehensive Hemophilia Diagnosis and Treatment Center Program, providing direct federal funding to support the development of twenty-two (22) comprehensive hemophilia centers and sixty (60) affiliates. These centers and their affiliates currently serve approximately 9,500 hemophiliacs in the United States, (nearly 50% of the total hemophilia population), providing the following:

- multi-discipliniary diagnosis and treatment services;
- professional and para-professional training;
- accessible health care delivery through affiliation with other service providers;
- psychosocial, financial and vocational counseling services;
- individualized, written, comprehensive care plans for each treated patient; and
- community participation through a community advisory board.

PROGRAM IMPACT

The impact of this program on the lives of hemophiliacs and their families is reflected in the program's progress over the past seven years. Since the National Hemophilia Foundation's testimony last year, additional data supporting the impressive progress of the program has become available.

An annual survey of eleven (11) federally-funded hemophilia treatment centers was completed last week. The findings of this survey demonstrate that the program has made tremendous progress, between 1975, the year prior to program implementation, and 1981 (see Attachment A):

- The number of patients receiving regular comprehensive care increased more than 350%;
- The number of patients seen at both primary treatment and affiliate center sites increased more than 225%;
- The number of patients on home care nearly quadrupled;
- Hospital utilization has been reduced substantially since 1975 (hospital admissions down more than 85% from 1.9 to .26; average hospital days per year down more than 80% from 9.4 to 1.8);
- Significant reductions by nearly 75% were reported in average days per year lost from work or school;
- The percent of patients with third-party medical cost coverage increased from 74% to 93%; and
- The percent of unemployed adults dropped from 36% to 12.8%.

It is clear from these data why the Committee Report accompanying the Budget Omnibus Reconciliation Act of 1981 (HR3982) concluded "...hemophilia treatment is one of the bio-medical and medical success stories of the decade."

I, too, have assessed the effectiveness, cost, and socioeconomic gains associated with comprehensive care at the Hemophilia Center of Rhode Island. The impact of our center is quite similar to those reported in the national data. Ms. Nancy C. Keyes, Dr. Edwin N. Forman, and I have documented the findings of our study in the March 11, 1982 New England Journal of Medicine. In the same issue of the New England Journal of Medicine, an editorial by Dr. Louis M. Aledort underscores the economic benefits of comprehensive care.

Published studies and reports done by Dr. Peter H. Levine, show that the comprehensive health care and home therapy model promoted by this program has resulted in decreases in average annual cost per patient, in hemophiliac crippling, and in the number of days lost from school and work.

Federal treatment center support has created a multiplier effect, increasing the availability of third-party payment. Since the inception of this program, the federal dollar has been a small (and decreasing) percentage of total treatment center revenues. Federal dollars provided the leverage for increasing third party coverage from 75% in 1975 to 93% in 1981. A 1978 study of the National Institute of Advanced Studies showed that federal treatment centers established financial counseling services to maximize third-party reimbursement, reduce out-of-pocket costs to patients, and decrease financial losses to the center and/or its host facility. As a result of efforts by chapters and hemophilia centers, Blue Cross/Blue Shield and other health insurance companies have established insurance plans which cover hemophilia treatment. Today, it has become far less difficult to persuade insurance companies to cover comprehensive care as the cost-savings have become more apparent.

Hemophiliacs can now enjoy a nearly normal lifestyle due to breakthroughs in science and the existence of a top-notch treatment program which has translated those breakthroughs into diagnosis, treatment, and care with remarkable speed. This has meant more opportunities for hemophilia patients in education, in employment, for a happy family life, as well as better physical and mental health. They can now infuse the missing clotting factor at home instead of interrupting their daily schedule to go to the hospital. They are more educated about their disease because of the intensive patient education provided by the comprehensive care team and can play a more active role in maintaining their health and preventing disability.

I am confident that these remarks have highlighted the cost-effectiveness of these federally supported centers in your minds. Simply stated: Congress' investment in comprehensive care programs which promote home infusion therapy pay off through a reduction in disability, unemployment, and medical care payments to hemophiliacs and families made vulnerable by the hardship of this chronic disease.

THE FUTURE OF HEMOPHILIA TREATMENT CENTERS

Last year, hemophilia treatment funding was included in the Maternal and Child Health Block Grant as part of a special 15% set-aside of appropriated funds. Current federal support of treatment centers (October 1, 1981 - September 30, 1982) is at $3.3 million. For the year beginning October 1, 1982, our funding level will be at $2.6 million, a 21% decrease.

Funding is being decreased in spite of the fact that more than half of the 20,000 hemophiliacs in the United States are not receiving comprehensive care. The attached map shows that there are still many parts of the country that are not covered by the federal treatment center network (Attachment D). There are twenty-five (25) states that are not covered in whole or in part by federal treatment centers. Although state funding is provided for hemophilia in twenty-five (25) states, only a small percentage have treatment programs offering comprehensive care.

Efforts are being made at the state level to seek support for hemophilia programs, either direct or through the development of linkages with state Crippled Childrens' Services programs. But seeking new and/or expanded funding from states for any program, during this period of substantially reduced federal funding is not likely to succeed in most states.

ECONOMIES OF SCALE THROUGH REGIONALIZATION

Hemophilia treatment centers, with the support of federal funding, have historically developed on a regional basis, crossing state lines. A more sophisticated regional structure is now being implemented by the leadership of the Office of Maternal and Child Health. Not only does this strategy make sense to improve access, but also, it helps to avoid costly duplication of services.

APPROPRIATIONS REQUEST

Based on the treatment and cost saving successes of this program, we urge you to consider our requests for the following appropriations:

1. FY 83 APPROPRIATIONS LEVEL FOR TREATMENT CENTERS - We urge you to appropriate a line item of $4.8 million for FY 83 for the hemophilia treatment center program. This represents a $1.5 million increase over FY 81 funding, and a $2.2 million increase over the level scheduled for FY 82 (beginning October, 1982). We request this amount to make up for program deficiencies that have developed due to inflation and to provide better care to areas of the country that are not currently served. The line item earmark of funds is critical because state funding support is not likely.

   Without adequate funding, participating hospitals may drop out of the program because a hemophilia comprehensive care visit is more costly than a routine out-patient visit. Even though the total cost of care for hemophilia is substantially reduced, the savings are realized by government and other third-party payers, not the hospital.

2. SET-ASIDE - We request that you retain the 15% level for the set-aside. The set-aside was established for good reasons -- simply stated, it is more efficient to distribute resources for certain disorders on a regional and national basis rather than being included in the block grant to the states. Due to budget pressures at the state level, programs for hemophilia may not be carried out.

3. MATERNAL AND CHILD HEALTH FUNDING - We urge you to fund MCH at the full authorization level of $373 million. This funding is an investment in the future of our country.

4. RESEARCH - Because the cure for hemophilia resides in new investigations, we are vitally concerned with adequate funding to the National Institutes of Health, particularly The National Heart, Lung and Blood Institute and the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases.

In closing, as you consider our appropriations requests, I urge you to review the data in Attachment A, in terms of the effectiveness, cost, and socioeconomic gains associated with the federal hemophilia treatment center program. I expect that you will share our view that the economic and human benefits of comprehensive care are clearly documented. Rather than asking whether the government can afford to fund this program, I urge you to consider whether the government can afford not to support it.

The National Hemophilia Foundation appreciates this opportunity to present its views to you and would be most pleased to respond to any requests for further information.

Thank you.

ATTACHMENT A

COST EFFECTIVENESS OF FEDERAL SUPPORT OF HEMOPHILIA CENTERS

SUMMARY OF DATA COLLECTED FROM

ELEVEN MATERNAL AND CHILD HEALTH FUNDED HEMOPHILIA CENTERS AND THEIR AFFILIATES

Peter H. Levine, M.D.
Director, New England Area Regional Program
April 1982

	YEAR BEFORE FUNDING	1979	1980	1981
1. Patients Enrolled ***				
a. No. seen at Primary Center	1783 (3576)	-	-	3705 (7410)
b. No. seen at Affiliated Centers	329 (658)	-	-	1037 (2074)
TOTAL	2112 (4224)	-	-	4742 (9484)
2. Receipt of Care ***				
a. No. receiving regular Comprehensive Care	1333 (2666)	-	-	4682 (9364)
b. Number on Home Therapy	514 (1028)	-	-	2001 (4002)
3, Hospital Utilization				
a. Average no. of hospital admissions/year	1.9	-	0.71	.26
b. Average days/year spent as in-patients	9.4	-	2.4	1.8
4. Disability				
Average days/year lost from work or school	14.5	-	8.3	4.3
5. Expenditures				
a. Average costs of health care/year	$15,800.(est.)	-	-	$5,932.
b. Average out of pocket expense/year	$850.(est.)	-	-	$342.
6. Third Party Coverage	74%	85%*	91%*	93%*
7. Employment				
Percent of unemployed adults	36%	16%	13.6%	12.8%**

* Insurance likely to be considerably more comprehensive.

** The two oldest regional programs (New England and Mountain States) have 4.5% and 7.5% unemployment respectively.

*** Data was collected from one-half of the federal hemophilia centers. Figures in parentheses represent adjustment (multiplying actual reported by two) to provide national estimate for all centers.

DEPARTMENT OF LABOR

Statement of Robert E. David, Executive Director, South Carolina Employment Security Commission

Mr. Chairman, first of all -- on behalf of all the states and territories -- let me thank you and your colleagues for what you did back in January in restoring the funds for the nation's employment security system that had been further drastically reduced prior to the Christmas recess.

The outpouring support in the full Congress was most gratifying and permitted the state employment security agencies to better serve the vast clientele who had lost their jobs. As we are all too aware, this condition has worsened in the preceeding months as unemployment continues to escalate.

Today, we are back, Mr. Chairman, to ask you to do once more what you did in January. We are here to ask you to stabilize the employment security system and avoid the chaos that occurred late last year. There are two very good reasons why we feel you should support, and insist on, stability at this time. First, deep cuts followed by emergency restoration of funds don't save money--but rather cost money. We conservatively estimate that the cost of closing offices and reopening offices, laying off personnel and rehiring them ran into the millions. We could have used those funds for helping unemployed people. The second, and clearly compelling reason for stability, is that we are not over the crisis that grips our economy and causes so much suffering in the job market.

In January, Mr. Chairman, the nation's unemployment rate was 8.5 percent. Today, the unemployment rate is 9 percent -- equal to the worst month of the 1974-75 recession -- and the highest rate we have experienced in this country in the past 40 years.

The situation is no better; in fact, it is even worse than it was in January when a supplemental appropriations was necessary to stabilize the employment security system.

In view of the present economic outlook, and in view of the lessons that have been learned through experience, let us now turn to the Administration's proposed budget for fiscal year 1983. Mr. Chairman and Subcommittee members, there are four major items which I would like to comment on, briefly, at this time.

Item Number One: Reduction of 3,000 positions in the Employment Service. As you know, the present staffing level for the Employment Service -- established by the emergency supplemental passed in January -- is 24,800. Now, this is 5,200 less than the level which existed prior to the current recession. If a level of 24,800 -- requested by the Administration in January -- was needed then, certainly these personnel are needed even more now with a higher unemployment rate.

From the standpoint of trying to manage the system, I can tell you that a constant "yo-yo-ing" up and down is a mistake and seriously impairs our ability to serve those in need.

Item Number Two: A 2.1 percent reduction in staff for Unemployment Insurance programs. We see no justification for reducting staff, especially in view of the need to pay people on a timely basis. We are now getting people paid on time, in most cases, with a minimum of inconvenience. Furthermore, it should be kept in mind -- and you have seen the long lines at the unemployment offices -- that we must serve everybody and process all claims even if the individual isn't eligible.

Item Number Three: Elimination of the Work Incentive (or WIN) Program. Mr. Chairman, the WIN program is a cost-effective welfare-fighting program -- one that is in place and has an excellent track record. Figures compiled for the Department of Labor for FY 1981 show that WIN spent $365 million to move 310,303 people off welfare into nonsubsidized, or tax-paying employment. For every dollar spent by WIN, program registrants earned $5.89; and there were other benefits as well. WIN produced annualized AFDC grant reductions of about $750 million, and the Department estimates further savings of $450 million in reduced Food Stamp and Medicaid costs.

We strongly urge you to keep this job-oriented program as a part of the employment security system formula for putting Americans to work. One of the easiest ways, I believe, to reduce government spending is to invest in proven programs that reduce welfare rolls.

Item Number Four: Requiring that the Disabled Veterans Outreach Program (DVOP) be funded with FUTA funds. When the DVOP program was first established, it was financed through general revenue since, historically, FUTA funds have been used for only basic employer programs, such as Unemployment Insurance and the Employment Service. In the interest of cutting back, however, the Administration has sought to pay for DVOP by taking about $50 million from the FUTA account. The DVOP is a much needed program, but it should not be paid for with "designated" FUTA funds since dilution of these dollars means the employer is not getting his money's worth in the basic employment security services.

To sum up our major points, Mr. Chairman:

-- The Employment Service should continue to operate with 24,800 positions, the same level Congress set back in January.

-- If we are to continue to render efficient service to unemployment insurance claimants, we should keep the same staffing level which we now have.

-- The WIN program should continue to be a part of the employment security system for putting Americns to work. It is a proven tax-saver.

-- DVOP should be paid for through general revenue and not through "designated" FUTA funds.

Those are our major concerns, Mr. Chairman; but I would close my testimony with a final plea which was my initial plea. Stability. The employment security system cannot stand another see-sawing experience like the one we all remember earlier this year.

We appreciate your time and compassion, and we thank you -- on behalf of our employees and all the people we service -- for giving us this opportunity to submit our testimony. Please feel free to call on us if we can provide additional information or assistance.

STATEMENT OF COOLEY'S ANEMIA FOUNDATION, INC.

Thank you for allowing us to testify today on behalf of appropriations for research and care in Cooley's Anemia.

This marks the fifth year that we have testified before you, and we deeply appreciate your attention to our concerns, because it has been obvious that that attention has resulted in considerable improvements in care programs and in research programs within the Federal Government. It is also clear to us, as a voluntary organization, that the interest taken by several agencies of the Federal Government in Cooley's Anemia research and care has developed a corresponding interest on the part of many volunteers. We know that the Foundation and its volunteers have worked harder this past year than ever before, and have been more supportive to the young patients of Cooley's Anemia than ever before, and so the work done by our volunteers, as well as the support given by you and the agencies of the Federal Government has been doubly rewarding.

Because we have testified so many times before you it is not necessary for us to go into detail on the disease known as Cooley's Anemia, and we have attached to our testimony an information sheet describing the disease.

We have several recommendations to make to you, which are listed on the covering Fact Sheet attached to this document. They are:

1. That funding levels for the Maternal and Child Health program be sufficient to fund Cooley's Anemia programs now under way (part of the 15% "set-aside," furnished as a program of "regional and national significance");

2. That the National Heart, Lung and Blood Institute be funded at $625 million for FY 1983; and

3. That the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases be funded at a level of $420 million for FY 1983.

We would like to insert in the record the full text of this testimony and here would like to comment on the programs that currently exist and are moving forward rapidly.

The first program we would like to discuss currently is funded through the Maternal and Child Health Program. You will recall, and we are deeply grateful for, the language which was inserted in your appropriations bill report last year, which called for the funding and continuation of two programs of "regional and national significance," which is part of the 15% set-aside legislation resulting from the Budget Reconciliation Act of last year. In fact, those programs are now underway and we have been watching them with great care, and are pleased with the forward movement to this date. We are deeply grateful to the officials of the Maternal and Child Health Administration, particularly Dr. Vince Hutchins, and Rudolf P. Hormuth, who have been the officials primarily concerned within the Maternal and Child Health Program for the administration of these two regional programs. They are described below.

Secondly, we would like to comment on the excellent work done by the National Heart, Lung and Blood Institute. We express our deep appreciation to Dr. Amoz Chernoff, Director of the Division of Blood Diseases and Resources, and to Dr. Alan S. Levine, Red Blood Cell Program Administrator, Blood Diseases Branch.

These two gentlemen have not only worked hard to assure the success of the research programs in the field of Cooley's Anemia under their jurisdiction, but they took their own personal time on a Saturday morning this last winter to fly to New York City to meet with a large number of our volunteers to discuss the programs underway within that Institute.

One major concern: The National Heart, Lung and Blood Institute has shown a great understanding of the problems of patients with Cooley's Anemia by supporting the research programs on the clinical mangement. The program supported by the Institute has succeeded in developing effective chelation therapy and better transfusion regimen. A combination of these modalities for the first time offers hope for these children to have a normal lifespan. This has certainly been one of the most successful clinical research programs, but we are very concerned that it may be discontinued for lack of funds, and urge the committee to work to prevent that.

Thirdly, we would like to praise the work of the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases, specifically through the Hematology program.

Dr. Nancy Cummings, Associate Director, Kidney, Urologic and Blood Diseases Program, and Dr. David Badman, Director, Hematology Program, both have worked with extraordinary effectiveness on the programs regarding Cooley's Anemia and we are deeply grateful. They, too, participated in the Saturday morning program described above. We cannot say too much about the work of these federal research officials. They have given us an enormous boost in our enthusiasm for the opportunities that are available.

The summaries of the activities in each of the areas follow.

INFORMATION SHEET

COOLEY'S ANEMIA

Cooley's Anemia is the name commonly used to describe the severe form of a hereditary disease of the blood. It was Dr. Thomas B. Cooley, an American physician, who described this as a separate and specific type of blood disease about 1925.

This disorder occurs most commonly in individuals whose ancestors were natives of the countries surrounding the Mediterranean Sea. In the United States patients are of Italian, Greek, Turkish, Southern France, North African, Chinese, Spanish, Irish and Israeli descent.

The disease, also called Mediterranean Anemia or Thalassemia, is inherited according to Mendelian laws and it is known that the severe form (Thalassemia Major) occurs in a child born of parents both of whom must be carriers of the trait. According to this accepted concept, approximately one quarter of all children born of marriages of two individuals with the trait, will have the severe form of the disease. Another twenty-five percent of the offspring will be perfectly normal, and fifty percent will be carriers themselves. Any such hereditary situation, of course, is valid in statistical sense only, and may not be referable to one family where instances are known of only one affected (anemic) child out of ten, or the reverse, where three out of three children may be affected.

Because individuals with the trait or minor form of the disease are not in any significant way handicapped physically, and in whom the only manifestation may be detectable changes in the size and shape of the red blood cells, it is of great importance to distinguish between Thalassemia major and Thalassemia minor. Individuals with Thalassemia minor have a normal life span and enjoy normal health, whereas individuals with Thalassemia major may succumb to the disease in a matter of one or two decades. The trait never increases in severity or converts to the severe form of Cooley's Anemia.

Thalassemia major usually becomes manifest during the first year of life. Both sexes are equally affected. The earliest signs may be pallor, listlessness, loss of appetite, and irritability. Examination of the patient, by a physician, usually reveals an enlargement of the spleen and liver to some degree, pallor of the skin and mucous membranes, and sometimes a slight degree of jaundice (yellow coloration) of the whites of the eyes. Blood examination will usually show typical changes in the shape, numbers of the erythrocytes (red blood cells), and a variety of alterations from the normal in special properties of the blood cells, in addition to a severe anemia.

There are probably several defects which lead to the anemia. For example, there undoubtedly is a reduction in the rate at which red blood cells are formed in the marrow and released to the blood vessels. Those cells that are produced are defective in that they do not survive in the blood vessels for more than 1/3 to 1/2 of the normal life span of red cells, which should be about 90 to 120 days. There are complications which develop in certain individuals which further reduce the rate of blood cell production and survival time of the formed cells. In these patients the greatly enlarged spleen may be the cause of this additional hindrance.

As a result of the chronic state of anemia, the children with this disease are greatly handicapped. Bone growth is poor - they are, therfore, usually small for their age. Because of abnormalities of the bone marrow, there are alterations of the skull and other bones, so that a characteristic facial expression is found, which give many of these children the appearance of being related. The bones are more fragile than normal, and fractures occurring almost spontaneously are quite common. The anemia causes easy fatigability, and a lack of pep and energy. Frequent nose bleeds is a common finding in many patients. When anemia is severe, low grade fever may be noted. There is no particular increase in susceptibility to infections.

At present the only effective treatment is the proper administration of blood transfusions to alleviate the constantly recurring anemia. There are other specific treatments for various complications of the basic disease.

There seems to be a continuous spectrum in the degree of severity of the disease from those children who require blood transfusions as often as once a week to those who rarely need transfusions. Some children die within a few years and others are known who are alive in their twenties. There is no known cure.

STATEMENT OF MIKE GORMAN, EXECUTIVE DIRECTOR, CITIZENS FOR TREATMENT OF HIGH BLOOD PRESSURE

I come before you, Mr. Chairman and Members of the Committee, not to praise the Administration budget in the field of high blood pressure, but to aid in giving it a decent burial. What are the facts about the National Hypertension Program, now celebrating its tenth anniversary? Among other things we have learned over this exciting decade, we now know the true dimensions of the disease referred to as the "silent killer."

There is no dispute concerning the fact that 60 million Americans suffer in various degrees of severity from high blood pressure. Even the present Administration admits this. In testimony this year before this very Committee, officials of the National Heart, Lung and Blood Institute reported that "by preventing hypertension from developing in the 60 million Americans who would (as now) otherwise have it, we would save hundreds of thousands of lives and billions of dollars every year. The effect on industrial production would be substantial from the sickness and disability prevented."

Mainly through the leadership of the Congress, we have been doing something about this. With the aid of Congressional staff people on both sides of the aisle, we drafted a hypertension project grant to the States to stimulate them in this field where they were almost totally inactive. This, we insist, is the virtue of an individually targeted grant. It is visible; it is directed toward a disease national in scope, and it is designed to stimulate comparable monies from the States, localities and from the private sector. All of these things were accomplished under the 317(a)(1) Public Health Service program. Millions of people who did not know they had high blood pressure were screened, and programs were established to refer them for treatment, where necessary, to private physicians or to public facilities.

But, Mr. Chairman, it is not an easy job. Despite the accelerated "Treat It For Life" campaign conducted by Citizens for the Treatment of High Blood Pressure and the National High Blood Pressure

Education Program, only 24 percent, 14 million of the 60 million hypertensives, are in any form of regular lifetime therapy. The reasons for this are many, and time does not permit going into them. The main problem is that high blood pressure rarely produces symptoms, so the patient doesn't go back to the doctor.

A recent publication of the National High Blood Pressure Education Program gets to the heart of the problem. Here are the figures:

76 percent (46 million) are in the group designated irregular or no care. More specifically, of the 46 million,

14.1 million are aware/no treatment
12. million are on inadequate treatment
19.2 million are unaware/untreated.

That, in brief, is the general picture. Yet, despite the aforementioned figures, we have a remarkable track record. Over the decade since the inception of the High Blood Pressure Education Program, we have reduced mortality from stroke by 42 percent and mortality from coronary heart disease by 28 percent. This is an unprecedented achievement -- in actual fact, the first successful preventive program against a chronic disease. We think this achievement is best summed up in the August, 1980 Report of the House Appropriations Committee:

"If the program (hypertension project grant) were expanded to reach additional millions of hypertensives not now being served it would be possible to extend the lives of tens of thousands of Americans who die each year at an earlier age than they should ... the decline in morbidity and mortality associated with hypertension may yield an economic return that can be measured in the billions."

What has the Administration done to reward us for this significant achievement? We were thrown into a preventive health block along with six other unrelated programs, including rat control, fluoridation, home health and so on. We were allotted $15 million for Fiscal 1982, a cut of $5 million from our Fiscal 1981 appropriation, and $11 million less than the initial Fiscal 1981 budget. For Fiscal 1983, which we are discussing here today, we receive another five percent cut, and we remain in the chaotic preventive health block.

We do not have a final report on the damage which has been done to us by practically eliminating our national visibility and throwing us into a grab-bag of unrelated programs. We will have a complete report when the State legislatures have concluded their business for this year. However, we have a number of early and disturbing reports on the closing of scores of hypertension screening and follow-up centers in various parts of the country. Even more harmful, many of the finest people in the high blood pressure program at the State and local level who were recruited because of the excitement and challenge of attempting to control a chronic disease, have left because of the uncertainties and vagueness which characterize a poorly thought-out preventive block grant.

Let me quote from a prominent Republican, Elliot Richardson, who was Secretary of Health, Education and Welfare when this program got under way in 1972, about the danger of burying the high blood pressure program in a broad block grant. This is what he said on May 5, 1981 in a speech before the Seventh National Conference on High Blood Pressure:

"However, I make this statement unequivocally -- if any health program deserves to retain its categorical, identifiable status because it transcends state lines and because it needs continued visibility to attract permanent support from the private sector, then the hypertension project grant is that program. Tied intimately together with the National High Blood Pressure Education Program of the National Heart, Lung and Blood Institute, it has proven to be the first successful preventive campaign against a chronic disease."

As a consequence of all this budget cutting, let me cite just one program which was singled out last year. For many years, systolic hypertension has been neglected and regarded as a rather poor relative of diastolic hypertension. Systolic pressure is the measurement of the heart sound when the heart muscle is in contraction before the next pumping motion (diastolic). On the basis of a number of studies, we are beginning to change that view. Let me quote from Dr. Ray Gifford, Jr., who represents the American Medical Association on the Coordinating Committee of the National Heart, Lung and Blood Institute, and who chaired a task force authorized by the Committee in 1977:

"Isolated (or pure) systolic hypertension is probably as common, if not more so, in elderly patients than systolic and diastolic hypertension. This means that the systolic blood pressure is elevated and that the diastolic blood pressure is normal or nearly so. An example would be a blood pressure of 170/85 mm Hg. Even if the diastolic pressure is normal, the elevated systolic blood pressure increases the risk of stroke, heart attack and congestive heart failure. Less is known about the effectiveness of drug treatment for this type of hypertension than is known about the effect of treating both mild systolic and diastolic combined elevations in elderly patients."

In several reports to the Congress last year, the crucial importance of clinical trials as a very necessary part of the rigorous testing of a new therapeutic procedure before being brought into general use as quickly and as safely as possible was emphasized. It was noted that these clinical trials are frequently lengthy in duration and expensive, but they are the essential link between laboratory research and application to patient.

We are grateful that the pilot study on systolic hypertension is under way. However, we do have a concern that the pilot study, which is really a feasibility trial to see if a full-scale field trial is then necessary, may never get beyond that stage. The Advisory Council to the National Heart Institute has strongly recommended both the pilot study on feasibility and the full-scale field study to really nail all the questions down. The difference is very significant -- the pilot study is covering only 500 patients, whereas the full field study will cover a minimum of 4,000 patients.

We realize, as you do, that these clinical trials are expensive, but they are cost-effective and life-saving. The NHLBI task force, headed by Dr. Gifford of the AMA, estimated in 1977 that isolated systolic hypertension increases the risk of stroke and of death from coronary heart disease by two and one-half times in people over 60. We are not talking statistics here -- we are talking about hundreds of thousands of American lives.

We need your support for the initiation of the full-scale trial when the pilot study has made its report to the Congress. We expect very little support from the Administration in this program.

Finally, just a word about prevention. Secretary Schweiker keeps talking and talking about prevention complete with the same slides and the same charts. He says it is his number one priority in the health field. Dr. Edward Brandt, his Assistant Secretary for Health, in discussing the prevention profile report submitted to the President and to the Congress a few months ago, named 15 areas in which preventive medicine and altered life styles could save hundreds of thousands of American lives. At the top of his list was hypertension control.

The Centers for Disase Control in Atlanta is supposed to be the lead force of the Department in the area of prevention. However, the budget for Fiscal 1983 makes the lead horse into a mule. The total recommended for the CDC by the present Administration for Fiscal 1983 is $217 million, $28 million less than Fiscal 1981. The section of the CDC devoted to Risk Reduction/Health Education receives the enormous sum of one million dollars. This is really unbelievable. At one point a few years back, it had $20 million, and in Fiscal 1981 it had six million dollars. Finally, the Office of Health Promotion in the office of the Assistant Secretary for Health gets two million dollars for Fiscal 1983 -- the very same amount it had in Fiscal 1981. I am sure that Dr. Michael McGinnis, who heads the Promotion effort, will find the two million dollars more than adequate to cover the prevention needs of 240 million people.

However, the present Administration has appointed more committees on prevention than there are jelly beans in the White House. For example, last October it appointed Dr. John Seal as NIH Disease Prevention Research Program Director. His early pronouncements have been dynamic. For example, appearing before the National Institute on Aging Advisory Council on January 29, he said this: "The Secretary and his staff have indicated their interest in looking at the NIH budget and being able to maybe (underlining ours) take a little from here and put it over there and come up with activities related to prevention." Now I call that a real commitment. Take a nickel from here and put a dime over there, and you have a national prevention program.

Mr. Chairman, in a realistic world, we would need at least $35 million in Fiscal 1983 to carry out a decent, respectable national high blood pressure program. We were moving toward that level up until a year ago. One final fact on prevention: the health bill in America today is $260 billion a year; a hospital bed in the District of Columbia costs $400 a day. Now the other side of the coin -- prevent one high blood pressure victim from having a stroke, and you have saved $15,000 in medical care costs alone. Is this Administration then cost-conscious, or is it just unconscious?

Mr. Chairman, we hope that you can help pull us out of this pretty dark picture.

STATEMENT OF DR. JORDAN GUTTERMAN, PROFESSOR OF MEDICINE, UNIVERSITY OF TEXAS SYSTEM CANCER CENTER

MR. CHAIRMAN: I AM A PROFESSOR OF MEDICINE AT THE UNIVERSITY OF TEXAS CANCER CENTER, M.D. ANDERSON HOSPITAL AND TUMOR INSTITUTE, HOUSTON, TEXAS. I AM A BOARD CERTIFIED INTERNIST AND ONCOLOGIST WITH SUB-SPECIALTY CERTIFICATION IN HEMATOLOGY. I HAVE BEEN INVOLVED FOR THE LAST ELEVEN YEARS IN THE CLINICAL AND LABORATORY INVESTIGATION OF BIOLOGICAL AND CHEMOTHERAPEUTIC AGENTS FOR THE TREATMENT OF HUMAN CANCER. DURING THE LAST FOUR AND ONE-HALF YEARS, I HAVE FOCUSED MY CLINICAL AND LABORATORY RESEARCH ON THE ANTI-VIRAL AND ANTITUMOR NATURAL SUBSTANCE, INTERFERON.

INTERFERON WAS DISCOVERED IN 1957 AS A NATURAL ANTI-VIRAL, HORMONE-LIKE PROTEIN THAT IS PRODUCED BY MOST HUMAN CELLS. INTERFERON HAS BEEN TRACED BACK IN THE EVOLUTIONARY SCALE TO FISH AND AMPHIBIANS. TODAY, IT IS BELIEVED THAT INTERFERON IS THE BODY'S FIRST LINE OF DEFENSE AGAINST VIRAL INFECTIONS AND POSSIBLY SOME MALIGNANT TUMORS. INTERFERON'S ABILITY TO SLOW DOWN OR STOP THE GROWTH OF CANCER CELLS WAS DISCOVERD IN 1962. OVER THE LAST 20 YEARS, A TREMENDOUS AMOUNT OF BIOLOGICAL AND CHEMICAL KNOWLEDGE ON INTERFERON HAS BEEN DESCRIBED IN THE SCIENTIFIC LITERATURE. INTERFERON HAS BEEN SHOWN TO HAVE POTENT ANTITUMOR EFFECTS IN A VARIETY OF ANIMAL TUMOR MODELS.

SINCE INTERFERON WORKS PRIMARILY IN THE SPECIES OF ORIGIN, UNTIL RECENTLY WE HAD TO USE INTERFERON FROM HUMAN SOURCES IN ORDER TO TREAT HUMAN DISEASE. THERE ARE THREE PRIMARY TYPES OF INTERFERON IN THE BODY. ONE IS CALLED LEUKOCYTE (ALPHA) INTERFERON WHICH IS PRODUCED BY WHITE BLOOD CELLS. ANOTHER MAJOR TYPE OF INTERFERON IS CALLED FIBROBLAST (BETA) WHICH IS PRODUCED BY MOST OF THE TISSUE CELLS OF THE BODY. A THIRD TYPE OF INTERFERON IS CALLED IMMUNE (GAMMA) INTERFERON. THIS INTERFERON IS 10-50 TIMES MORE POTENT THAN THE OTHER INTERFERONS AND POTENTIATES THE ANTI-VIRAL AND ANTI-CANCER ACTIVITY OF LEUKOCYTE AND FIBROBLAST INTERFERON.

THERE IS NOW SUBSTANTIAL EVIDENCE THAT LEUKOCYTE INTERFERON HAS ANTICANCER ACTIVITY IN SEVERAL MALIGNANCIES INCLUDING OSTEOGENIC SARCOMA (BONE CANCER), ADVANCED BREAST CANCER, ADVANCED KIDNEY CANCERS, MULTIPLE MYELOMA (A TUMOR OF THE ANTIBODY-PRODUCING CELLS OF THE BONE MARROW), MALIGNANT LYMPHOMA, NASOPHARYNGEAL TUMORS, ACUTE LEUKEMIA AND CHRONIC LEUKEMIA. THUS, 25-40% OF THESE PATIENTS ACHIEVE REMISSIONS OF THEIR TUMORS WITH LEUKOCYTE INTERFERON THERAPY.

IT IS IMPERATIVE TO POINT OUT THAT THESE INITIAL STUDIES STARTED IN SWEDEN IN THE MID 70'S AND IN THE UNITED STATES IN EARLY 1978, WERE ALL CARRIED OUT WITH SMALL AMOUNTS OF IMPURE(LESS THAN 1% PURE) INTERFERON. THE ORIGINAL WORK AT THE KAROLINSKA INSTITUTE IN SWEDEN, AT STANFORD UNIVERSITY IN PALO ALTO, AND AT THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER, M.D. ANDERSON HOSPITAL IN HOUSTON HAS NOW BEEN CONFIRMED IN LIMITED TRIALS CONDUCTED SINCE 1979 BY THE AMERICAN CANCER SOCIETY. MORE RECENTLY, MY CO-WORKERS AND I AT M.D. ANDERSON HAVE CARRIED OUT LIMITED CLINICAL TRIALS IN THREE MAJOR KILLERS; ADVANCED METASTATIC COLORECTAL CANCER, PROSTATE CANCER AND OVARIAN CANCER. ALTHOUGH THE RESPONSE RATES HAVE NOT BEEN HIGH, WE HAVE OBSERVED PARTIAL REMISSIONS IN 25% OF 30 PATIENTS WITH THESE MALIGNANT TUMORS.

IN ADDITION TO HUMAN MALIGNANCIES, INTERFERON HAS IMPORTANT ANTIVIRAL ACTIVITY AGAINST HERPES ZOSTER, THE COMMON COLD, CHRONIC HEPATITIS, AND OTHER VIRUSES. INCLUDED IN VIRAL DISEASES ARE THE LARYNGEAL PAPILLOMAS, WART-LIKE GROWTHS CAUSED BY A HUMAN VIRUS, ON THE VOCAL CORDS OF YOUNG CHILDREN. WE HAVE TREATED 14 PATIENTS AT M.D. ANDERSON; 11 ADDITIONAL PATIENTS WERE TREATED AT THE UNIVERSITY OF IOWA. THE MAJORITY OF THESE PATIENTS HAVE EXPERIENCED DRAMATIC AND COMPLETE REGRESSION OF THESE WART-LIKE GROWTHS. THE TREATMENT AVOIDS ANESTHESIA AND EXTENSIVE SURGERY WHICH IS THE USUAL TREATMENT FOR THIS DISEASE.

THERE HAS BEEN MUCH WRITTEN DURING THE LAST YEAR IN THE LAY PRESS SUCH AS THE WALL STREET JOURNAL, NEW YORK TIMES, AND TIME MAGAZINE SAYING THAT THE CLINICAL WORK WITH INTERFERON IN CANCER PATIENTS HAS BEEN "DISAPPOINTING". THESE STATEMENTS COME FROM INDIVIDUALS WHO DO NOT UNDERSTAND THE CLINICAL INVESTIGATION OF INTERFERON. IN THE PRESS, THE RESULTS WITH THE IMPURE LEUKOCYTE INTERFERON ARE OFTEN COMPARED WITH MULTIPLE DRUG TOXIC CHEMOTHERAPY REGIMENS WHICH HAVE BEEN STUDIED THE LAST 20 YEARS. WHAT IS IMPORTANT IS THAT THE IMPURE INTERFERON CAUSES SIGNIFICANT TUMOR REGRESSION IN MANY TUMORS. WE HAVE NOT HAD SUFFICIENT MATERIAL TO ADEQUATELY TEST VARIOUS DOSES, SCHEDULES, ETC. NO ONE WOULD DENY NOW THAT INTERFERON DOES HAVE THE IMPORTANT CAPACITY TO INDUCE REMISSIONS. THAT ALONE IS A MAJOR FINDING. INTERFERON OPENS UP A NEW FORM OF CANCER TREATMENT WITH BIOLOGICAL AGENTS WHICH ARE LESS TOXIC THAN conventional approaches. There is no nausea, vomiting, diarrhea or the other drastic side effects of chemotherapy.

What has happened in the interferon field since I last testified two years ago before your committee? Mr. Chairman, many remarkable developments have occurred. I predicted two years ago that it would be 3 - 5 years until a pure, biosynthetic form of interferon was available for clinical investigation. I was wrong. In January 1980, Dr. Charles Weissmann from Zurich, Switzerland announced interferon had been successfully cloned in bacteria. That is, E. coli bacteria were able to manufacture leukocyte interferon after insertion of the interferon gene (DNA). With the introduction of pure monoclonal antibodies, Genentech and the Roche Institute of Molecular Biology were able to purify leukocyte interferon from bacteria. Through the remarkable technology of DNA research which the Congress has supported for the last 25 years, we now know that there are at least ten to twelve different species of leukocyte interferon. The precise roles of these species in clinical medicine are not known.

On the 15th of January, 1981, we treated the first patient in the world with pure, synthetic leukocyte interferon manufactured through the recombinant DNA technique. What have been the clinical results with the pure recombinant leukocyte interferon? Two of the 12 or more species or clones have now been placed into clinical studies. We carried out a study of 16 patients in conjunction with Dr. Merigan and his group at Stanford. This initial study was done with so-called clone A or alpha 2. We have learned that the interferon molecule is responsible for the induction of the side effects noted with the crude preparations, namely fever, fatigue, malaise and most of the side effects that you and I experience with viral infections. In addition, the pure interferon molecule seems to reproduce the other clinical effects of the crude preparations namely the regression of metastatic tumor. Thus, seven of 16 patients experienced regression of metastatic tumor during this initial pharmacological study. Subsequent Phase I studies carried out by numerous institutes in conjunction with Hoffmann-La Roche have shown that at least one out of four patients with very advanced refractory incurable cancers have experienced similar remissions. Phase II efficacy studies are now being conducted throughout the world. Similar studies are now being conducted with the second leukocyte interferon clone, so-called clone D or alpha 1.

Fibroblast interferon has also been successfully produced in bacteria during the last several months. Studies are now underway to purify fibroblast interferon. We hope to initiate clinical studies with pure fibroblast interferon

PRODUCED FROM BACTERIA BY THE SUMMER OF 1982. THIS, MR. CHAIRMAN, IS AN ABSOLUTELY REMARKABLE STORY, FOR WE NOW ARE VERY CLOSE TO HAVING AMPLE SUPPLIES OF INTERFERON TO INVESTIGATE THE INTERFERONS IN ALL THE 20 MAJOR CANCERS. ONCE WE CAN DETERMINE WHICH OF THESE INTERFERONS WORK FOR DIFFERENT CANCERS, WE CAN BEGIN TREATING CANCER PATIENTS BEFORE THE TUMOR HAS METASTASIZED.

THERE IS A NEED FOR LARGE FUNDS TO FURTHER LABORATORY AND CLINICAL INVESTIGATION OF THE INTERFERONS. WE DESPERATELY NEED LABORATORY TECHNIQUES TO DETERMINE WHICH OF THE MANY SPECIES OF LEUKOCYTE AND FIBROBLAST INTERFERON ARE INDICATED TO TREAT INDIVIDUAL CANCER PATIENTS. THERE ARE SIGNIFICANT LEADS WHICH MUST BE FOLLOWED IN THE LABORATORY. FOR EXAMPLE, THERE ARE RECEPTORS FOR THE DIFFERENT INTERFERONS ON CANCER CELLS. WE NEED TESTS TO DETERMINE WHICH RECEPTORS ARE PRESENT FOR WHICH TYPES OF INTERFERON. THE USE OF PURE INTERFERON AND MONOCLONAL ANTIBODIES ARE ESSENTIAL IN THIS WORK.

ANOTHER AREA WHICH REQUIRES LARGE FINANCIAL SUPPORT IS THE PURIFICATION OF IMMUNE INTERFERON. AS I INDICATED AT THE OUTSET, IMMUNE INTERFERON IS A MORE POTENT ANTICANCER DRUG THAN EITHER LEUKOCYTE OR FIBROBLAST INTERFERON. IMMUNE INTERFERON POTENTIATES THE ANTIVIRAL AND ANTITUMOR ACTIVITY OF BOTH LEUKOCYTE AND FIBROBLAST INERFERON. IT IS EXPENSIVE TO PRODUCE THIS MATERIAL. AFTER SEVERAL FRUSTRATING YEARS OF WAITING FOR THE STABILIZATION AND PARTIAL PURIFICATION OF IMMUNE (GAMMA) INTERFERON, WE INITIATED THE FIRST FDA APPROVED CLINICAL STUDY ON THE 9TH OF FEBRUARY 1982. THIS MATERIAL STILL IS IN EXTREMELY SHORT SUPPLY BUT I CAN SAY TO YOU THAT THE MATERIAL IS STABLE, APPEARS TO BE ABSORBED IN THE BLOOD STREAM AND HAS POTENT BIOLOGICAL ACTIVITY IN DOSES AT LEAST ONE-TENTH AS LOW AS THOSE WE HAVE USED WITH LEUKOCYTE INTERFERON.

RECENTY, IMMUNE INTERFERON WAS SUCCESSFULLY SYNTHESIZED IN BACTERIA BY GENENTECH. THE SYNTHETIC IMMUNE INTERFERON IS NOT YET READY FOR CLINICAL STUDIES.

INTERFERON OPENS UP A NEW CONCEPT OF CANCER TREATMENT AND RESEARCH (BIOLOGICAL RESPONSE MODIFIERS). THERE ARE SEVERAL IMPORTANT APPROACHES WHICH MUST BE INVESTIGATED INCLUDING THE INTERFERONS, MONOCLONAL ANTIBODIES, TUMOR NECROSIS FACTOR, AND SOFORTH. MONOCLONAL ANTIBODIES ARE PURE SUBSTANCES THAT CAN BE TARGETED TO KILL CANCER CELLS WITHOUT HARMING NORMAL CELLS. MONOCLONAL ANTIBODIES SHOULD BE IMPORTANT DIAGNOSTIC AND THERAPEUTIC REAGENTS FOR CANCER IN THE NEAR FUTURE. THERE IS LITTLE DOUBT IN MY MIND THAT WITH THE PROPER FINANCIAL SUPPORT WE WILL SOON HAVE AN ARRAY OF BIOLOGICAL AGENTS WHICH ARE ESSENTIALLY NONTOXIC AND WHICH COULD BE TARGETED TO THE TUMOR CELLS WITH LITTLE OR NO DETRIMENTAL EFFECTS ON THE CANCER PATIENT. MR. CHAIRMAN, YOU

AND THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES HAVE THE OPPORTUNITY THAT COULD EVENTUALLY SAVE THE LIVES OF HUNDREDS OF THOUSANDS OF PEOPLE IN THE U.S. AND ALL OVER THE WORLD. LET US NOT WASTE ANYMORE TIME WITH THIS EFFORT. THE 410,000 PATIENTS WHO DIE EVERY YEAR CANNOT WAIT ANY LONGER FOR MORE PROGRESS. WE ARE ALL AWARE OF THE ECONOMIC PROBLEMS OF THIS COUNTRY. BUT CANCER IS DEMOCRATIC. ONE OUT OF EVERY FOUR PEOPLE IN THIS ROOM WILL DEVELOP CANCER IN THEIR LIFETIME AND ONE OUT OF EVERY FIVE WILL EVENTUALLY DIE OF THIS TERRIBLE DISEASE. WE ARE BEGINNING TO UNDERSTAND WHAT CAUSES A CELL TO BECOME MALIGNANT. WE MUST NOT LOSE THE MOMENTUM OF THE MAJOR ACHIEVEMENTS THAT HAVE OCCURRED DURING THE LAST SEVERAL YEARS.

MR. CHAIRMAN, WE URGE YOU TO APPROPRIATE THE NECESSARY FUNDS TO ALLOW US TO MANUFACTURE IMMMUNE INTERFERON, TO STUDY THE MANY SPECIES OF PURE LEUKOCYTE AND FIBROBLAST INTERFERON AND TO EVALUATE PRE-CLINICAL METHODS TO SELECT THE APPROPRIATE INTERFERONS FOR INDIVIDUAL CANCER PATIENTS. I THINK IT IS IMPERATIVE THAT AT LEAST 100 MILLION DOLLARS BE EARMARKED FOR THE WHOLE AREA OF BIOLOGICAL RESPONSE MODIFIERS IN CANCER OF WHICH 50 MILLION SHOULD BE DIRECTED TOWARD INTERFERON RESEARCH IN CANCER. WE NEED YOUR HELP IN MOVING US TOWARD OUR GOALS FOR SUCCESSFUL TREATMENT OF CANCER WITH NATURAL NONTOXIC DRUGS. THE FEDERAL GOVERNMENT SPENDS MORE MONEY ON NATIONAL DEFENSE IN TWO DAYS THAN IT SPENDS DURING ONE ENTIRE YEAR ON CANCER RESEARCH. THE COST TO SOCIETY BY THIS DREAD DISEASE IN TERMS OF HUMAN SUFFERING AS WELL AS IN ECONOMIC TERMS, DEMANDS A MORE JUST BALANCE IN GOVERNMENT APPROPRIATIONS. YOU REPRESENT THE PEOPLE, AND THE CITIZENS OF THIS COUNTRY WANT MORE MONEY APPROPRIATED TO ERADICATE THIS ENEMY FROM OUR LAND.

IN ADDITION TO THESE EXCITING RESULTS WITH INTERFERON, INCREASED UNDERSTANDING OF THE MALIGNANT PROCESS HAS COME FROM BASIC RESEARCH LABORATORIES. IT IS EXTRAORDINARY HOW MUCH MORE WE UNDERSTAND ABOUT THE CANCER PROCESS THAN WE DID 3 YEARS AGO. ONE OF THE MOST EXCITING NEW BREAKTHROUGHS IN BASIC RESEARCH HAS BEEN THE ISOLATION OF A VIRUS THAT APPEARS TO BE RESPONSIBLE FOR A SPECIFIC HUMAN CANCER, NAMELY T CELL LYMPHOMA OR LEUKEMIA. THIS WORK CARRIED OUT BY DOCTOR GALLO AND HIS ASSOCIATES AT THE NATIONAL CANCER INSTITUTE IS OF PARAMOUNT IMPORTANCE. IN 1980 DR. GALLO DETECTED A TYPE C CANCER VIRUS IN CELLS FROM A PATIENT WITH T CELL LEUKEMIA. THIS VIRUS HAS BEEN DESIGNATED HUMAN T LEUKEMIA VIRUS OR HTLV. IN THE PAST FEW MONTHS PROGRESS HAS BEEN RAPID AND DRAMATIC. ANOTHER VIRUS HAS BEEN REPORTED FROM A SECOND CASE OF CUTANEOUS, ADULT T CELL LEUKEMIA. IN ADDITION, TWO FURTHER ISOLATES OF HTLV HAVE BEEN MADE IN THE UNITED STATES. EXCITING NEW INFORMATION RELEVANT TO THE POSSIBLE REGIONAL

SIGNIFICANCE OF HTLV IN ADULT T CELL LEUKEMIA HAS NOW EMERGED FROM JAPAN. FOR THE FIRST TIME IT APPEARS THAT A HUMAN VIRUS HAS SOLIDLY BEEN DEMONSTRATED TO CAUSE A HUMAN CANCER. IF THIS PROVES TO BE THE CASE, THIS VIRUS WILL JOIN THE EB VIRUS WHICH IS ASSOCIATED WITH BURKITT'S LYMPHOMA AND NASOPHARYNGEAL CARCINOMA AND H[illegible]TIS B VIRUS WHICH IS IMPLICATED IN THE CAUSE OF PRIMARY LIVER CANCER. EXTENSIVE FUNDS ARE NEEDED TO CARRY OUT EPIDEMIOLOGICAL STUDIES THROUGHOUT THIS COUNTRY AND THE WORLD TO FURTHER SUBSTANTIATE THE ASSOCIATION OF THIS VIRUS IN CANCER. WE NOW HAVE THE POTENTIAL FOR DEVELOPING A VIRAL VACCINE THAT COULD PREVENT THIS PARTICULAR CANCER. VIRUSES FOR OTHER TYPES OF CANCERS WILL PROBABLY BE FOUND. THIS WORK COULD SERVE AS AN IMPORTANT PROTOTYPE FOR THE DEVELOPMENT OF OTHER VACCINES FOR CANCER. WE URGE THE CONGRESS TO APPROPRIATE 100 MILLION DOLLARS TO CARRY OUT THESE IMPORTANT EPIDEMIOLOGICAL, VIROLOGICAL AND CLINICAL STUDIES.

Statement of Payton E. Weary, M.D., American Academy of Dermatology

Mr. Chairman, I am Peyton E. Weary, M.D., Professor and Chairman of the Department of Dermatology at the University of Virginia School of Medicine and Chairman of the Council on Governmental Liaison of the American Academy of Dermatology. I am presenting this testimony on behalf of the American Academy of Dermatology and the Society For Investigative Dermatology.

First, may I express our deep appreciation to this Subcommittee and to the Congress for their strenuous efforts last year to provide adequate funding for the National Institutes of Health in the face of tight budgetary restrictions and many worthy competing health care needs. We are aware of the interest of the Congress in maintaining a strong biomedical research base and we applaud this committee for its foresight.

We are pleased to report that the funding provided by the Congress through the National Institutes of Health and through NIOSH has been most productive in terms of skin-related research. A number of exciting new advances in our understanding of various types of skin disease have occurred during the past five years and are already contributing to improved patient care. As an indicator of the improved emphasis on skin-related research, Appendix A indicates a major increase in the number of submissions and presentations of research results at the annual meeting of the Society For Investigative Dermatology during the past five years. We are proud of this response, yet we recognize that the original 1977 base of support was very low and we must not slacken our pace because there are still many areas outlined in the 1979 Report on Research Needs and Priorities which urgently require our attention.

This leads me to point out that the 1979 Report on Research Needs and Priorities is now out of date and that report should be updated. The report has been instrumental in focusing attention on areas of major concern and those presenting significant opportunities for highly productive research. We ask this committee to once again provide the impetus for an updating of this report by insertion of appropriate language in the bill report dealing with the National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases. We estimate that such an updating will require a minor expenditure of funds.

I. NATIONAL INSTITUTE OF ARTHRITIS, DIABETES, DIGESTIVE AND KIDNEY DISEASE

We would like to address this year an issue with respect to the National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases (NIADDK) which has been a source of great concern to us now for a period of over five years. We discern within that Institute increasing awareness on the part of some of the disciplines, which includes Dermatology, of a significant disproportion in the support for some disciplines as compared with that for other disciplines. We recognize that this disproportion was established as a result of congressional mandates arising during the years when there was a strong emphasis on support of research in specific diseases. We also recognize that in more recent years the Congress has moved to a more equitable distribution of funds based upon establishing relative parity of paylines and broad mandates without line item allocations. We endorse this salutary change and believe it will in the long run ensure a more appropriate utilization of federal support for biomedical research. Unfortunately, however, the disequilibrium created within the NIADDK persists because, once established, there is little impetus to change the proportionate levels of funding. Thus the general percentage of funding for each discipline within the Institute remains at a fairly constant level and the perception of disproportionate funding becomes increasingly unpalatable. We believe that this perception probably underlies the move on the part of several disciplines within this Institute to establish a separate institute.

We recognize that by using congressional mandates it is sometimes highly desirable to prime the pump in areas perceived to be in need of special emphasis. Such special emphasis may spawn major new activity in a neglected area or may encourage enhanced development of a recognized breakthrough. On the other hand, it is important to recognize that continual reassessment is essential so that once artificially high funding levels are established by special emphasis awards, the need for perpetuation of such high levels must be continually justified. We question whether this process of periodic re-evaluation has been systematically addressed in the past, and we believe there may be other disciplines which deserve special emphasis but do not receive this because funds are now curtailed and the disequilibrium has become self-perpetuating.

In order to focus attention on this need for periodic reassessment, a group of us met with Mr. Schweiker last summer to share our concerns and at his request the group prepared a set of guidelines or criteria which we feel are essential components in any ongoing reassessment of expenditures. I have attached this document (Appendix B) for your careful consideration.

Furthermore, we have requested the Institute to establish a forum of concerned organizations to review the entire allocation process within the Institute, utilizing appropriate criteria by which to assess whether or not there are substantial unmet needs. I am pleased to report that there has been a very favorable response to this initiative by the new Acting Director, Dr. Salans. I would hope that in the coming year, as a result of a reassessment, we will all have a better understanding of where the greatest needs for special emphasis exist, whether the current disproportions are justified, and how best to ensure that the research funds designated for this Institute are used to support the most promising research for those diseases which create the most substantial morbidity and the most severe economic burden of illness in our society. We believe this is the type of evaluative process called for by Dr. George Keyworth, Director of the Office of Science and Technology, in his speech before the American Association For The Advancement of Science in January of this year. Dr. Keyworth correctly pinpointed the two primary issues as discrimination in selecting the most excellent research opportunities and pertinence which would include an evaluation of how much benefit will accrue to society from the research.

In the interim, pending the conclusions of the reassessment, we would strongly urge the Congress to take cognizance of the fact that this Institute still remains the most severely impacted institute with respect to the level of funding in comparison to its broad, institutional mandates. In anticipation of the identification of new areas of special emphasis we believe the Congress should create a substantial contingency fund for this Institute to be used in support of identifiable high priority activities during FY 1983. If this is not addressed by this Congress there will be a very demoralizing lag before such activities can be appropriately funded.

We would also like to acknowledge our distress about the fact that The National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases (NIADDK) received for FY 1982 a level of funding which was inadequate and has resulted in a reduction in the percentage of funding of approved grants from 44% in 1979-81 to approximately 25% in FY 1982. It is estimated that the FY 1983 President's proposed budget would reduce the level to approximately 20%. This is a very serious reduction to unacceptable levels. We would request a level of $420 million for FY 1983 to restore the funding percentage to approximately 35% of approved grants.

II. NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH

I would next direct your attention to another matter of great concern to our dermatologic organizations. We believe that the funding levels established for research within the National Institute For Occupational Safety and Health (NIOSH) for FY 1982 are inadequate to support much-needed research within that Institute. Several years ago we pointed out to the Congress the fact that occupational skin disease was responsible for a very substantial amount (approximately 45%) of all non-traumatic occupational illness and a high percentage of the time lost from work through illness (over 25%). As a result of this the Congress directed the Institute to increase support for research in occupational skin disease and the Institute responded favorably. We were most encouraged by an unprecedented outpouring of excellent grant requests (26) in response to this new initiative. However, this encouraging new initiative will be vitiated unless more realistic support for occupational disease research is forthcoming. We would strongly contend that probably nowhere in the field of biomedical research is there more opportunity to reduce the economic consequences of illness than in this area which can be so clearly correlated with significant loss of productivity, and we would encourage the Congress to restore and even generously increase funding for research in this area. In these times when industrial competition is so important, efforts to enhance industrial and agricultural productivity by reducing absenteeism should be issues of great concern to the Congress. We would, therefore, urge a restoration of funding for NIOSH to a level commensurate with the FY 1981 level, adjusted for inflation since 1981 and we would urge also restoration of funds for training. We would also request continuation of special emphasis for both extramural and intramural research in occupational skin disease to maintain this strong impetus begun by the Congress.

III. EXPRESSION OF APPRECIATION

Mr. Chairman, we would also like to express to this subcommittee our sincere appreciation for the efforts of the Congress to provide increased funds for both the National Institute of Allergy and Infectious Diseases and the National Institute on Aging for FY 1982. Both of these institutes fund important research in skin disease and are worthy of your continuing support. We also appreciate the special emphasis provided by the Congress last year through the National Cancer Institute for research in malignant melanoma. We would hope that the Congress will continue to provide much needed support for all three of these fine institutes.

IV. THE NEED FOR A COORDINATED APPROACH TO SKIN RELATED RESEARCH

Finally, Mr. Chairman, it must have become clear to the members of your Subcommittee because of our yearly comments about a number of different institutes that skin-related research is not solely the responsibility of any one institute. Skin-related research is, in fact, a concern of a much broader constellation than even the N.I.H. and is reflected in research sponsored by the Food and Drug Administration, The Department of Defense, The Veterans ADministration and NIOSH, all outside the N.I.H. We have been encouraged by the proposal by Mr. Waxman to create a Skin Disease Interagency Coordinating Committee in the proposed legislation, H. R . 5919. We believe such a committee will be essential for the orderly growth and development of skin-related research as called for in the Report on Research Needs and Priorities which your Subcommittee initiated, and we would welcome your endorsement of such a coordinating committee.

APPENDIX A

ANNUAL SCIENTIFIC MEETINGS - SOCIETY FOR INVESTIGATIVE DERMATOLOGY

Abstracts Submitted: 1977-1981

Year	Submitted	Oral Presentations	Posters
1977	93	14	27
1978	98	35	34
1979	112	42	38
1980	150	57	33
1981	203	124	47

APPENDIX B

September 22, 1981

Honorable Richard S. Schweiker
Secretary
Department of Health and Human
Services
Room 615F, HHH Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Mr. Secretary:

At our July 28th meeting, you requested that we submit our ideas for allocating scarce resources between and among the various research programs of the National Institutes of Health (NIH).

The enclosed document contains our suggested criteria for accomplishing the allocation of NIH funds. In developing the criteria, we have attempted to identify the relative magnitude of a disease area as a health problem for the American people and the current state of science in that disease area. We believe that the utilization of these criteria will provide a schema for the systematic examination of program needs and the subsequent support of good science.

We recommend that, following an initial review by staff of the Department of Health and Human Services (HHS), you appoint an ad hoc policy developing group, comprised of medical research experts from the private and voluntary sectors, and HHS staff, to comment upon our paper, revise or rework it, and present to you by a date certain the group's recommendations for departmental policy.

Mr. Secretary, your interest in finding a solution to the problems we outlined for you on July 28th is greatly appreciated. We look forward to working with you in order to bring hope to the more than 30 million people afflicted with arthritis, musculoskeletal and skin diseases.

Sincerely,

Robert E. Wells
Robert E. Weils, M.D., President
American Academy of Orthopaedic
Surgeons

Frederic C. McDuffie
Frederic McDuffie, M.D.
Senior Vice President
The Arthritis Foundation

Peyton E. Weary
Peyton E. Weary, M.D., Chairman
Council on Government Liaison
American Academy of Dermatology

Roberta DeVito
(Mrs.) Roberta DeVito
President
American Brittle Bone Society

CRITERIA FOR ALLOCATING FUNDS WITHIN THE NATIONAL INSTITUTES OF HEALTH

Federal expenditures for biomedical research, although supported by Administrations now and in years past without regard to partisan politics, are nonetheless finite. All potentially useful research cannot possibly be supported from available funds. Thus, priorities must be established. Key questions are: what priorities are appropriate, what criteria should be utilized in determining them, who should apply such criteria in allocating funds, and how should the criteria be applied?

Any policy adopted by the Secretary of Health and Human Services for allocating research and training funds to disease areas within the National Institutes of Health (NIH) should be founded upon a set of sound criteria. We believe the attached criteria are eminently sound, and commend them to the Secretary for his review.

Summarized, the criteria we propound assume that funding in NIH, except as noted below, should be premised on the level of economic, social, human, and scientific impact that reasonably can be expected to result from such funding, immediately or ultimately. In addition, Section II of the criteria has been structured to recognize the need to promote research in areas of biomedical science which have in the past been underdeveloped and underfunded, while at the same time sustaining the momentum in research areas close to a scientific breakthrough.

After determining priorities among institutes and within institutes based upon the selected criteria, a method must be chosen to identify research foci in a disease area. Scientists are probably the best judges of the areas that have the greatest potential, and the peer review system, though not a perfect mechanism, is the best available means of determining potential. The assignment of priority scores by expert scientists, in turn, is the best available guide to what is most likely to produce good science and new knowledge.

The peer review system tends to favor research proposals with a high probability of success. Many otherwise attractive proposals are rejected because the methodology selected will perhaps not solve the problem. A small proportion of the funds allocated to an institute should be set aside for projects that are determined to be of great potential importance, but which must be considered high risk because of such methodological questions. Even if only a small percentage of such projects return favorable results, the benefit may well be worth the risk.

I. The relative magnitude of a disease area as a health problem for the American people.

Elements:

A. Number of persons affected by the disease area.

B. Age range in which mortality, disability and morbidity occur.

C. Relative amount of suffering produced by the disease area.

D. Incidence of mortality, morbidity and disability among those suffering from a disease in the disease area.

E. National economic impact of the disease area, including

(1) loss of individual income and reduction in productivity for industry,

(2) expenditures for medical care and rehabilitation,

(3) increased costs of workers' compensation, welfare payments, and associated dependency expenditures, and

(4) loss of Federal, state and local tax revenues.

II. The state of science affecting a disease area.

Elements:

A. Amount of basic scientific knowledge applicable to the disease area.

B. Areas of research that show promise of making valuable contributions to human knowledge with respect to the cause, prevention, or methods of diagnosis and treatment of diseases or other health problems.

C. Rate of program growth, utilizing past levels of funding, and the rate of growth of new scientific knowledge in the disease area.

D. Number, quality and priority scores of applications submitted within a disease or program area and percent of those with priority scores that get funded.

In addition, it is appropriate and in the public interest for NIH to occasionally designate disease areas requiring special concentration. Such areas should be selected on the basis of a mix of several key factors related to their impact on society and relative dearth of scientific knowledge base. The channeling of extra, targeted funds into such areas will have the effect of causing good scientists to migrate into them, and eventually raise understanding and produce treatment results. These special emphases, however, should be temporary and restricted so that after three to five years, grant proposals from these areas will compete on equal terms with proposals from other specific scientific areas within the general disease area.

STATEMENT OF DAVID G. MURRAY, M.D., PRESIDENT, AMERICAN ACADEMY OF ORTHOPAEDIC SURGEONS

Mr. Chairman and members of the Committee, I am David Murray, M.D., Chairman of the Department of Orthopaedic Surgery at Syracuse University Medical School and the President of the American Academy of Orthopaedic Surgeons.

I am pleased to appear before you today to present the Academy's position on the need for continued and, if possible, expanded funding of research on the musculoskeletal system.

The musculoskeletal system is a major system of the body, involving those anatomic elements of structural support essential to the function of the body as a whole. This includes, for example, bones, joints, muscles, ligaments and tendons.

Health, as Emerson said, is the "first wealth." Unfortunately for many Americans good health is not a reality. For example, over 36 million Americans are crippled or incapacited because of musculoskeletal conditions. I am referring to diseases and disorders such as:

- Arthritis, which is the leading cause of restriction of mobility;

- Joint disorders, which affect more than 15 percent of our population;

- Birth defects and inherited disorders which often lead to permanent handicaps, and a decreased life expectancy; and

- Hip and spine fractures and osteoporosis, which are common in our elderly population; and which account for a substantial cost to the Medicare program.

Data are readily available to show that musculoskeletal conditions, of which the aforementioned are but a few, are the leading cause of disability of people in their working years and those in older age groups, as well. The economic cost of these diseases runs into the billions of dollars for medical care, into the billions of dollars for lost productivity, and into the billions of dollars for social programs to meet the special needs of these individuals.

The investment of government funds in biomedical research over the past two decades has resulted in substantial payoff to the taxpayers, and more importantly to those individuals afflicted with these diseases. One of the most significant accomplishments has been in the field of degenerative joint disease. But, other advances have also been made in the following areas:

- Management of bone and joint infections;

- Advanced techniques of fracture management to prevent disability and aid in rehabilitation;

- Reconstructive surgery of the hand and tendon injuries;

- Microvascular surgery, which has allowed surgeons to successfully re-attach digits, and transfer living muscles and bones from one area of the body to another; and

- The use of electrical stimulation to promote healing in fractures which do not reunite with conventional treatment.

These advances have restored people to productive life, improved the overall quality of life, and equally important, have reduced the length of hospitalization and time spent in nursing homes due to musculoskeletal problems.

Although we have learned much about these diseases and we have substantially improved our treatment programs, we must continue our research in order to ultimately undertake prevention programs. It is only through prevention that we can give "Health as the First Wealth" to our society.

There are a number of promising areas of musculoskeletal research which, with continued funding, will contribute to earlier detection, better treatment, and hopefully prevention. For example, research on:

- The cause of osteoarthritis, its pathophysiology, and better methods of improving function in the diseased joint, to include cartilage grafts and control of cartilage remodeling;

- Bone diseases which weakens the skeletal support mechanism to determine the effects of genetic predisposition, diet, hormones, and environment on the severity and incidence of these diseases;

- Better design of fixation techniques for joint replacements and other skeletal implants;

- The pathophysiology of back pain in order to provide a national approach to decrease the impact of this major disorder on society;

- The cellular effects of electrical currents, identifying areas of application in restoration of musculoskeletal function, such as fracture healing, bone, cartilage, nerve and muscle growth;

- The pathophysiology of trauma and its management to include design evaluation of new fixation techniques for fractures and disruption of musculoskeletal support structures, such as ligaments and tendons.

- Rehabilitation programs to include physical fitness and conditioning as a preventive measure for injuries to the musculoskeletal system; and

- Prosthetic and orthotic development to improve the rehabilitation of severely crippled patients.

In addition to the above basic research activities, there are a number of clinical studies which are needed, such as:

- Survival and recurrence rates of osteosacrcoma and chondrosarcoma with various forms of management;

- Incidence of slipped epiphysis and hip dysplasia as a precursor of degenerative hip joint disease in adults;

- Prophylaxis for deep venous thrombosis after hip surgery; and

- Prospective studies of porous ingrowth materials for total joint replacement.

As our population gets older, and the demographic data shows that the over 65 population will increase by 30 percent by the year 2000, it will bring with it a myriad of chronic and disabling disorders. A greater demand for health services, medications, devices, hospitalization and nursing home beds will accompany the graying of

Americans. This, as all of you know, will place an enormous burden on the Medicare program. Today's problems of cost containment will appear insignificant when compared to the problems we will face in the 1990's; unless we take the necessary steps now to provide for an adequate investment in all aspects of biomedical research -- basic, applied, training and technology transfer.

Unfortunately, the proposed 1983 budget falls far short of its mark. In fact it doesn't even meet the cost of inflation and will fund less than 30% of its approved grants at pay lines below 170.

Mr. Chairman and members of the Committee, we fully appreciate the difficult fiscal conditions under which you are operating, but we believe that in spite of these constraints, the government must provide for the sound health of its citizens today and into the future.

It is with this in mind that we respectfully urge this Committee to provide $420 million for the National Institute of Arthritis, Diabetes and Digestive and Kidney Diseases in 1983.

On behalf of the 10,000 members of the American Academy of Orthopaedic Surgeons, I want to thank you for your past interest and support of biomedical research and giving me this opportunity to testify before you today.

I will be happy to answer any questions.

Statement of William A. Knight, Jr., M.D., on Behalf of the American College of Gastroenterology

THE AMERICAN COLLEGE OF GASTROENTEROLOGY REPRESENTS THE GASTROENTEROLOGIST INTERESTED IN THE DAY TO DAY CARE OF PATIENTS WITH GASTROINTESTINAL DISORDERS. MORE THAN 20 MILLION PATIENTS ARE CHRONICALLY ILL WITH SUCH DISORDERS. MEASURED IN TERMS OF MORBIDITY, MORTALITY, AND COST, GASTROINTESTINAL DISEASES CONSTITUTE THE THIRD LARGEST COMPONENT OF THE TOTAL ECONOMIC BURDEN OF ILLNESS IN THE UNITED STATES.

EACH YEAR, 200,000 DEATHS ARE DIRECTLY ATTRIBUTED TO INTESTINAL DISORDERS. THE DIRECT HEALTH CARE COSTS EXCEED 17 BILLION DOLLARS ANNUALLY. THE OVERALL ANNUAL ECONOMIC LOSS EXCEEDS 35 BILLION DOLLARS.

DIGESTIVE DISEASES ARE HIGHLY DETRIMENTAL TO AMERICANS IN THEIR PEAK YEARS OF PRODUCTIVITY. SEVENTEEN OF EVERY 100 INDIVIDUALS BETWEEN AGES 45-64 HAVE SOME FORM OF DIAGNOSED DIGESTIVE DISEASE. THE PRIMARY REASON FOR MAJOR SURGERY IN AMERICA IS GASTROINTESTINAL DISEASE. IT IS THE LEADING CAUSE OF HOSPITALIZATION (15% OF ALL HOSPITAL UTILIZATION) IN IN AMERICA. AS AN ILLNESS THAT RESULTS IN HOSPITALIZATION AND DEATH, IT IS HIGHEST AMONG THE AGED. FOURTEEN MILLION INDIVIDUALS SUFFER FROM ACUTE DIGESTIVE ILLNESSES EACH YEAR. THESE ILLNESSES CAN BE ESPECIALLY DEVASTATING TO THE ELDERLY AND MAY RESULT IN DEHYDRATION AND DEATH.

IT IS PREDICTED THAT 122,000 INDIVIDUALS WILL DEVELOP COLON CANCER THIS YEAR AND THAT ONE-HALF WILL DIE OF THEIR DISEASE. THE AMERICAN COLLEGE OF GASTROENTEROLOGY IS INTERESTED IN PATIENT EDUCATION TO LEAD TO EARLIER PHYSICIAN EVALUATION BY EXAMINATION, THE USE OF HEMOCCULT SCREENING, AND FLEXIBLE SIGMOIDOSCOPY. WE URGE THE EARLY DETECTION OF ADENOMATOUS COLON POLYPS, WHICH ARE PREMALIGNATN. NO LONGER IS SURGERY NECESSARY TO REMOVE COLON POLYPS; FOR THEY CAN BE REMOVED BY ELECTROSURGICAL POLYPECTOMY DURING COLONOSCOPY. POLYPS AND CANCER OF THE COLON OCCUR WITH INCREASING AGE. THREE OF EVERY 1000 PERSONS OVER THE AGE OF 50 WILL DEVELOP CANCER OF THE COLON WITH PEAK INCIDENCE AT 65. IF EARLY DETECTION OCCURS, THERE IS A 90% CURE RATE.

APPROXIMATELY 20 MILLION PERSONS IN THE UNITED STATES HAVE GALLSTONES. ABOUT 600,000 WILL HAVE GALLBLADDER OPERATIONS THIS YEAR. DISSOLUTION OF GALLSTONES BY CHENODEOXYCHOLIC ACID IS CURRENTLY BEING STUDIED. EACH YEAR, ABOUT 15,000 PATIENTS HAVE RETAINED COMMOM DUCT STONES. IN THE PAST, SURGERY HAS HAD TO BE DONE TO REMOVE THEM. HOWEVER, A NEW TECHNIQUE OF ENDOSCOPIC PAPILLOTOMY IS NOW AVAILABLE REDUCING MORTALITY AS COMPARED TO SURGERY BY 400%. THE COST OF GALLSTONE DISEASE EXCEEDS ONE BILLION DOLLARS PER YEAR IN THE UNITED STATES.

GASTROINTESTINAL BLEEDING IS A COMMON PROBLEM AND ACCOUNTS FOR OVER 200,000 PATIENTS BEING ADMITTED TO HOSPITALS EACH YEAR. THE OVERALL MORTALITY HAS BEEN 10%, BUT IN PATIENTS OVER AGE 50, MORTALITY MAY RANGE BETWEEN 14-50%. UPPER GASTROINTESTINAL ENDOSCOPY CAN IDENTIFY THE BLEEDING SITE IN MOST PATIENTS. WITH THE APPLICATION OF ELECTROCOAGULATION, AN ARTERY CAN BE COAGULATED WITH THE PREVENTION OF FURTHER BLEEDING IN OVER 80% OF PATIENTS. THUSLY, THE NEED FOR SURGERY IS REDUCED AND SO IS THE MORTALITY OF UP TO 50% IN THE AGED IF FURTHER HEMORRHAGE AND SURGERY OCCURS.

THE AMERICAN COLLEGE OF GASTROENTEROLOGY STRESSES THE NEED FOR POSTGRADUATE PROGRAMS (FELLOWSHIPS) IN CLINICAL RESEARCH AND THE NEED TO NURTURE THE DEVELOPMENT OF CLINICAL GASTROENTEROLOGISTS TO PROVIDE AMERICA WITH PHYSICIANS WITH AN EXPERTISE IN THE DAY TO DAY CARE OF PATIENTS WITH COMPLEX GASTROINTESTINAL ILLNESS.

MR. CHAIRMAN THESE ARE JUST A SAMPLE OF THE MAGNITUDE OF DIGESTIVE DISEASES, THAT LEAD TO PAINFUL EPISODES OF ILLNESS AND SOMETIMES DEATH. THIS PATTERN CAN BE CHANGED AND THAT IS WHY WE ARE BEFORE YOU TODAY. WE ARE SUGGESTING THE PRUDENT USE OF SOME FEDERAL DOLLARS AND CHANGES IN HEALTH POLICY TO ACCOMPLISH THE FOLLOWING:

- STRENGTHEN TRAINING PROGRAMS IN CLINICAL RESEARCH ON DIGESTIVE DISEASES, ESPECIALLY CANCER. DISALLOW THE ADMINISTRATION'S PROPOSAL TO PHASE-OUT COMPLETELY PROGRAMS THAT REDUCE THE SUPPLY OF INVESTIGATORS WITH A MEDICAL DEGREE. THIS IS ESSENTIAL TO BASIC AND CLINICAL INVESTIGATION. THERE IS, HOWEVER, A NATIONWIDE DECREASE OF SUCH INVESTIGATORS THAT WILL IMPEDE BASIC INVESTIGATION AND THE TRANSLATION OF THAT INVESTIGATION AND THE TRANSLATION OF THAT INVESTIGATION INTO PATIENT CARE. WE URGE CONGRESS AND THE ADMINISTRATION TO SUPPORT CONTINUED DEVELOPMENT OF PERSONNEL TO CARRY OUT BASIC AND APPLIED RESEARCH. THIS REQUIRES AN APPROPRIATION, NOT A DISMANTLING EFFORT.

- SUPPORT IS NEEDED FOR CLINICAL AND BASIC RESEARCH DIRECTED AT AIDING PRACTICING PHYSICIANS IN MAKING PROPER DIAGNOSIS FOR SPECIFIC DIGESTIVE CONDITIONS IN PATIENTS.
- SUPPORT FOR THE NATIONAL DIGESTIVE DISEASES EDUCATION AND INFORMATION CLEARINGHOUSE, AND EDUCATIONAL PROGRAMS IN DIGESTIVE DISEASES IN MEDICAL SCHOOLS IS IMPORTANT.
- SUPPORT FOR CLINICAL HEALTH SERVICES RESEARCH IN DIGESTIVE DISEASES AND THE STUDY OF THE PREVALENCE OF SPECIFIC MAJOR DIGESTIVE DISEASES IN SUITABLE SELECTED POPULATION GROUPS, SUCH AS THE ELDERLY, COULD MAKE AN ENORMOUS DIFFERENCE.

CUTBACKS IN MEDICARE/MEDICAID SHOULD BE REVIEWED CAREFULLY - KEEPING IN MIND THE IMPACT THESE CUTS HAVE ON PEOPLE, POOR PEOPLE, SICK PEOPLE AND OUR ELDERLY.

MEDICARE:

THE ADMINISTRATION PROPOSES TO CUT MEDICARE PART B BY MORE THAN $1 BILLION, ON TOP OF THE $.3 BILLION CUT ALREADY PROGRAMMED INTO FY 1983 BY LAST YEAR'S RECONCILIATION ACT. FURTHER LEGISLATIVE CUTS INEVITABLY RESULT IN BENEFICIARIES PAYING OUT OF POCKET THE AMOUNTS THE FEDERAL GOVERNMENT "SAVES." THE UNPAID CHARGES RESULTING FROM REIMBURSEMENT CUTS ARE PASSED ALONG TO THE BENEFICIARY ON ABOUT ONE-HALF OF PHYSICIANS' BILLS. OUR CONCERN IS THAT THE KINDS OF CHANGES PROPOSED BY THE ADMINISTRATION WILL FURTHER REDUCE THE ASSIGNMENT RATE AND EXACERBATE AN ALREADY SERIOUS PROBLEM IN THE MEDICARE PROGRAM. THE MEDICARE PROGRAM NOW PAYS LESS THAN 55 PERCENT OF THE PHYSICIAN BILL OF THE AGED, AND LESS THAN 45 PERCENT OF THEIR TOTAL HEALTH BILL. FURTHER SHIFTS OF COSTS TO THE BENEFICIARY MAY NOT BE WARRANTED.

THE ADMINISTRATION PROJECTS THAT SOME OF THE MEDICARE PROPOSALS, NOTABLY REIMBURSEMENT CUTS, WILL RESULT IN COMPARABLE STATE PROGRAM CHANGES AND REDUCE FEDERAL SPENDING BY SHIFTING COSTS TO PROVIDERS. THIS COMMITTEE AND CONGRESS SHOULD SERIOUSLY QUESTION WHETHER THESE CUTS SHOULD BE ENACTED.

MEDICAID:

THE BUDGET PROPOSES TO CUT $1.9 BILLION IN PROGRAM FUNDS AND SHIFT THOSE COSTS TO STATE AND LOCAL GOVERNMENTS, PROVIDERS, AND THE PROGRAM'S BENEFICIARIES. STATE AND LOCAL GOVERNMENTS ARE DESPERATELY TRYING TO COPE WITH THE $.9 BILLION ALREADY CUT IN FY 1982, AND ARE CONFRONTING ANOTHER $.9 BILLION CUT PROGRAMMED INTO FY 1983 THROUGH THE RECONCILIATION ACT. FURTHER SHIFTS OF COSTS TO STATES, OR TO THE NATION'S MOST VULNERABLE CITIZENS, THE AGED, DISABLED AND CHILDREN AND THEIR FAMILIES, ARE NOT EASILY ACCEPTABLE, AND SHOULD BE EXAMINED CLOSELY.

MR. CHAIRMAN WE ARE ALSO SUPPORTIVE OF THE DIGESTIVE DISEASE ADVISORY BOARD AND THE COALITION OF DIGESTIVE DISEASES' GOALS. FOR A DIGESTIVE DISEASES CENTER PROGRAM, AND AN EPIDEMIOLOGICAL DATA COLLECTION PROGRAM, AS WELL AS THE EXTENSION OF THE DIGESTIVE DISEASES ADVISORY BOARD.

AMERICAN COLLEGE OF GASTROENTEROLOGY IS HOPEFUL YOU WILL SUPPORT FUNDING FOR THIS LEGISLATION AS SOON AS IT IS ENACTED.

OUR SUPPORT FOR THE INCREASED FUNDING OF THE NIADDK IS OF IMPORTANCE TOO. THEY HAVE BEEN UNDERFUNDED RECENTLY, AS YOU WELL KNOW.

THE IMPACT CAN BE ILLUSTRATED BY SOME SIMPLE STATISTICS: DURING 1979-81, NIADDK WAS ABLE TO FUND ABOUT 44% OF ITS APPROVED GRANT APPLICATIONS; DURING FY 1982, ONLY 25% WILL BE FUNDED, AND THE FY 1983 BUDGET WOULD PERMIT ONLY ABOUT 20% TO BE FUNDED. NO NEW RESEARCH CENTERS HAVE BEEN CREATED BY NIADDK SINCE 1979. ONLY ONE MAJOR CLINICAL TRIAL HAS BEEN STARTED IN THE LAST FOUR YEARS, AND NO ADDITIONAL STARTS ARE PLANNED.

IN SHORT, MANY IRREPLACEABLE RESEARCH OPPORTUNITIES ARE BEING LOST, AND THIS WILL DIRECTLY TRANSLATE INTO ADDITIONAL DEATHS AND DISABILITY FOR DIGESTIVE DISEASE VICTIMS DURING THE LATTER PART OF THIS DECADE THAT COULD HAVE BEEN AVOIDED. WE BELIEVE THAT THE INSTITUTE SHOULD RECEIVE $420 MILLION IN FY 1983, WHICH WILL RESTORE MOST, BUT NOT ALL, OF THE PURCHASING POWER NIADDK HAD IN 1981.

THANK YOU FOR THIS OPPORTUNITY TO SUGGEST THESE CHANGES AND FOR YOUR PAST SUPPORT.

STATEMENT OF PATTI LONG, PRESIDENT, ARTHRITIS CHILDREN TRIUMPH

I AM PRESIDENT OF ARTHRITIS CHILDREN TRIUMPH. A NON-PROFIT ORGANIZATION WHICH SPEAKS OUT ON BEHALF OF THE ARTHRITIC CHILD. WE HAVE NO PAID STAFF. ALL OUR WORKERS ARE VOLUNTEERS. WHY DO THEY VOLUNTEER? THEY VOLUNTEER BECAUSE: 1. JUVENILE ARTHRITIS IS THE NUMBER ONE CRIPPLER OF CHILDREN. 2. JUVENILE ARTHRITIS IS THE SECOND LEADING CAUSE OF CHILDHOOD BLINDNESS. 3. APPROXIMATELY 250,000 CHILDREN HAVE JUVENILE ARTHRITIS. 4. OTHER FROMS OF ARTHRITIS AND RHEUMATIC DISEASE AFFLICT ANOTHER 250,000 CHILDREN. MANY OF YOU REMEMBER THE REIGN OF TERROR OF THE LATE 1940's AND THE EARLY 1950's. THE WORD "POLIO" SENT CHILLS DOWN THE SPINES OF CHILDREN AND PARENTS ALIKE. EACH YEAR, JUVENILE ARTHRITIS CRIPPLES MORE CHILDREN THAN POLIO DID IN ANY OF THE TEN EPIDEMIC YEARS PRIOR TO DR. JONAS SALK'S VACCINE. JUVENILE ARTHRITIS, LIKE POLIO, IS A MAJOR DISRUPTER OF ITS VICTIMS LIVES. JUVENILE ARTHRITIS NOT ONLY CRIPPLES ITS VICTIMS, BUT IT ALSO CAUSES GROWTH RETARDATION, SOCIAL HANDICAPS, PSYCHOLOGICAL PROBLEMS AND YES EVEN DEATH. MANY PEOPLE THINK OF ARTHRITIS AS A SUBJECT OF ASPIRIN COMMERICAL ON TELEVISION. TELEVISION TELLS US THAT ASPIRING WILL RELIEVE " THE MINOR PAINS" OF ARTHRITIS SO GRANDMOTHER CAN FIX BREAKFAST. BUT MY DAUGHTER, KRISTY, HAS MORE PAIN THAN THE TELEVISION COMMERICAL WRITERS KNOW. LET KRISTY TELL YOU WHAT ARTHRITIS MEANS TO HER . . . . .

I HAVE HAD ARTHRITIS SINCE I WAS TWO YEARS OLD - I DON'T REMEMBER WHAT IT IS LIKE NOT TO HAVE PAIN. MY PAIN HAS MADE MY LIFE DIFFERENT FROM OTHER KIDS. I REMEMBER WHEN I WAS IN KINDERGARDEN - MY DAD HAD TO CARRY ME INTO CLASS EVERY DAY AND SET ME ON THE FLOOR AND I WOULD HAVE TO STAY THERE UNTIL HE CAME TO PICK ME UP AT NOON. IN THIRD GRADE MY CLASS MADE SNOW FLAKES TO HANG UP AS DECORATIONS. I COULD NOT HELP BECAUSE MY FINGERS WERE TOO SWOLLEN TO USE SCISSORS. IN THE FOURTH GRADE, I ALMOST DIED FROM COMPLICATIONS OF MY ARTHRITIS MEDICATION. I REMEMBER BEING IN AN OXYGEN TENT AND NOT LIKING IT. ONCE WHEN I WOKE UP MY MOTHER WAS SITTING THERE CRYING. I SAID TO HER "DON'T CRY, MOM, I'M NOT GOING TO DIE." MY BROTHER TONY, WASN'T OLD ENOUGH TO COME AND VISIT ME IN THE HOSPITAL, BUT THEY LET HIM IN ANYWAY. HE WAS REALLY UPSET BECAUSE HE THOUGHT I WAS GOING TO DIE. OF COURSE TWO WEEKS LATER WHEN I CAME HOME HE WAS TEASING ME AGAIN.

WHEN I WAS IN THE FIFTH AND SIXTH GRADE MY ARTHRITIS WENT INTO A STATE OF REMISSION - I HAD PAIN THE MORNINGS WHEN I FIRST WOKE UP BUT AS THE DAY WENT ALONG I FELT MUCH BETTER. MY DOCTOR LET ME QUIT TAKING MEDICATION. I LEARNED HOW TO PLAY TABLE TENNIS, JUMP ROPE AND I EVEN TOOK GYMNASTICS. IN THE SEVENTH GRADE I SLOWLY WENT DOWN HILL UNTIL THE PAIN BECAME SO BAD

I COULD HARDLY WALK - MY DOCTOR SAID I HAD NO CARTILAGE IN MY RIGHT KNEE OR IN EITHER HIP. I WAS WALKING "BONE ON BONE". SINCE THE EIGHTH GRADE I'VE HAD TO USE A WHEELCHAIR.

I AM NOW 15½ YEARS OLD AND A SOPHMORE IN HIGH SCHOOL. IT HURTS TO SEE MY FRIENDS CHASING BOYS AT LUNCH HOUR WHILE I HAVE TO SIT AND WATCH. ALL OF MY FRIENDS ARE TAKING DRIVERS EDUCATION THIS SUMMER AND ARE LOOKING FORWARD TO GETTING THEIR DRIVERS LICENSES.

IN FEBRUARY, MY MEDICATION CAUSED ME TO DEVELOP AN ULCER CONDITION. WHEN MY DOCTOR TOOK ME OFF THAT MEDICATION MY ARTHRITIS WAS WORSE THAN IT HAD EVER BEEN IN MY HANDS, KNEES AND FEET. I COULD NOT EVEN HOLD A GLASS IN THE MORNINGS AND MOM WOULD HAVE TO HOLD IT SO I COULD DRINK THROUGH A STRAW TO TAKE MY MEDICINE. THEN I TOOK CODEINE TABLETS SO I COULD GO BACK TO SLEEP. THE PAIN WAS SO UNBEARABLE THAT ONE DAY I ASKED MY MOTHER WHAT WOULD HAPPEN IF I TOOK THE WHOLE BOTTLE OF MEDICINE. I WAS SICK AND TIRED OF BEING IN SO MUCH PAIN ALL OF THE TIME.

I REALLY UPSET MY MOM AND SHE SET DOWN ON MY BED, HELD ME IN HER ARMS AND CRIED. SHE TOLD ME NOT TO TALK THAT WAY - THAT IT WOULD GET BETTER AND WE JUST HAD TO STAY IN THERE AND FIGHT. I MISSED SIX WEEKS OF SCHOOL BEFORE THEY FOUND A MEDICATION THAT WOULD HELP

THAT WAS KRISTY'S STORY. I WOULD LIKE TO TELL YOU ABOUT SOME OTHER ARTHRITIS CHILDREN.

ALLISON - AGE 12 FROM PENN. HER MOTHER JUDY WRITES, "IT IS INCONCEIVABLE TO ME A CHILD CAN BE SUBJECTED TO SO MUCH CONSTANT DETERIORATING PAIN. THE FRUSTRATIONS THESE KIDS HAVE TO ENDURE SOMETIMES IS MORE THAN I CAN STAND." DAWN, AGE 15, NORTH DAKOTA, IS ALREADY A YEAR BEHIND HER CLASSMATES HER HANDS BECOME SO SWOLLEN SHE CAN'T WRITE AND HAS HAD TO MISS A LOT OF SCHOOL. MARCY, AGE 13, IS ALSO FROM NORTH DAKOTA, HER MOTHER LAURA WRITES, SHE IS A BEAUTIFUL SENSITIVE PERSON AND IS HAVING SOME DIFICULTY IN ACCEPTING THE RESTRICTIONS THAT HER BODY HAS PLACED ON HER. SKIPPER, AGE 12, CONN. HIS MOTHER BETSY WRITES, "SKIPPER JUST CANNOT PARTICIPATE IN ANY ACTIVITIES BECAUSE OF PAIN IN HIS FEET, KNEES AND ANKLES. IT'S A TERRIBLE SHAME FOR A CHILD TO WANT TO JUST BE ABLE TO GET UP AND DOWN FROM A CHAIR OR WALK WHEN HE WANTS AND HE JUST CAN'T DO IT. TONY, AGE 6 IS ALSO FROM CONN. HE WROTE KRISTY TO SAY HE IS SLOWLY LOSING HIS EYESIGHT BECAUSE OF JUVENILE ARTHRITIS AND MUST ALSO USE A WHEELCHAIR, BUT ONLY IN THE MORNINGS UNLESS HE IS HAVING A BAD DAY AND HE HAS BAD DAYS ABOUT FOUR DAYS A WEEK. HE WANTS TO PLAY FOOTBALL, BASEBALL AND BASKETBALL WHEN HE GETS OLDER. JOSH, IS ONLY 26 MONTHS OLD AND IS FROM SOUTH CAROLINA _ HIS MOTHER SAYS I HOPE

NO ONE ELSE HAS TO SPEND OVER A YEAR SEARCHING FOR AN ANSWER TO THEIR CHILD'S PROBLEMS. I AM SINCERE IN THE HOPE THAT MORE CAN BE FOUND OUT ABOUT JA. JENNIFIER IS 10, WISCONSIN, HER FATHER WRITES "WE HOLD ON TO THE THOUGHT THAT SOMEDAY A CURE MAY BE DISCOVERED THROUGH RESEARCH. IF IT DOESN'T HELP JENNIFER, FUTURE GENERATIONS COULD BENEFIT." TARA IS AGE 11, LOUISANA HER PARENTS THOUGHT SHE HAD LEUKUEMIA AND WHEN TOLD IT WAS JUVENILE ARTHRITIS THEY WERE RELIEVED, HER MOTHER SAYS, LITTLE DID WE KNOW HOW AWFUL JUVENILE ARTHRITIS WAS. RECENTLY EXCITING THINGS HAVE BEEN HAPPENING IN JUVENILE ARTHRITIS RESEARCH. SOME OF THE MOST EXCITING DEVELOPMENTS ARE: 1. THE AVAILABILITY OF SEVEN NEW ANTI-INFLAMMATION DRUGS WHICH CAME FROM A DRUG STUDY PROGRAM IN CONJUNCTION WITH RUSSIA. 2. A PLASMA EXCHANGE PERFORMED ON FOUR JUVENILE ARTHRITIS CHILDREN WHO HAD NOT RESPONDED TO ANY OTHER TREATMENT. 3. SOME SMALL SUCCESS IN RESEARCH ON EYE PROBLEMS OF JUVENILE ARTHRITIS CHILDREN BY A DOCTOR WHOSE STUDIES ARE FUNDED BY PRIVATE CONTRIBUTIONS. BUT PROGRESS IS SLOW AND SEEMS TO RESULT FROM DESPERATION RATHER THAN A COORDINATED ASSULT ON JUVENILE ARTHRITIS. SO MUCH MORE COULD BE DONE IF APPROPRIATE FUNDING WERE AVAILABLE.

PRESENTLY, DOCTORS WHO DO RESEARCH IN JUVENILE ARTHRITIS MUST COMPETE FOR FUNDING WITH IMMUNOLOGISTS, BIOCHEMISTS AND ADULT RHEUMOLOGISTS.

HOW CAN YOU HELP? CONGRESS MUST PROVIDE A MANDATE STATING THAT THERE IS A PARTICULAR INTEREST IN JUVENILE ARTHRITIS RESEARCH AND THAT A SPECIFIC AMOUNT OF MONEY MUST BE ESTABLISHED FOR JUVENILE ARTHRITIS RESEARCH.

OUR COUNTRY RECENTLY COMPLETED A SUCCESSFUL MISSION WITH THE SPACE SHUTTLE COLUMBIA. WHY? BECAUSE OUR COUNTRIES BEST WORKS ON THE SPACE PROJECTS. WHY CAN'T OUR COUNTRIES BEST WORK ON JUVENILE ARTHRITIS RESEARCH?

SOMEONE ONCE SAID "CHILDREN ARE THE WORLD'S MOST VALUABLE RESOURCE AND ITS BEST HOPE FOR THE FUTURE."

HOW CAN YOU HELP THE CHILDREN WHO ALREADY HAVE THE DISEASE? YOU CAN INCREASE TITLE V APPROPRIATIONS AND EXPRESS AN INTENTION THAT THE DISCRETIONARY FUNDS IN SECTION 503-4 BE USED TO ESTABLISH REGIONAL JUVENILE ARTHRITIS CENTERS. LAST FALL THREE REGIONAL JUVENILE ARTHRITIS CENTERS WERE STARTED IN INSTITUTIONS WITH EXISITING PEDIATRIC RHEUMATOLOGY PROGRAMS. IN 1983 I WOULD LIKE TO SEE ADDITIONAL REGIONAL JUVENILE ARTHRITIS CENTERS STARTED IN AREAS OF THE COUNTRY WHERE NONE NOW EXIST. JUVENILE ARTHRITIS IS NO RESPECTER OF GEOGRAPHIC LOCATION.

WE HAVE NO FACILITY IN OKLAHOMA TO CARE FOR OUR JUVENILE ARTHRITIS PATIENTS. OUR PARENTS MUST TAKE THEIR CHILDREN TO DENVER, HOUSTON OR ST. LOUIS IF THEY WANT THAT TYPE OF SPECIAL CARE. DISTANCES WHICH DISCOURAGE US ALL AND DEFEAT

MANY OF US. ALTHOUGH IT IS TOO LATE FOR KRISTY TO BENEFIT FROM ONE OF THESE CENTERS, I WANT OTHER JUVENILE ARTHRITIS CHILDREN IN OKLAHOMA TO HAVE A CHOICE BETWEEN WALKING AND A WHEELCHAIR - A CHOICE KRISTY DID NOT HAVE. ROBERT SHAW ONCE SAID - SOME MEN SEE THINGS AS THEY ARE AND SAY WHY - I DREAM OF THINGS THAT NEVER WERE AND SAY WHY NOT. KRISTY AND I ALSO HAVE A DREAM - THAT SOMEDAY SOON JUVENILE ARTHRITIS WILL BE A THING OF THE PAST AND NOT THE FUTURE.

YOU CAN HELP MAKE OUR DREAM A REALITY BUT ONLY BY A MANDATE. DON'T LET KRISTY, ALLISON, TONY, KIM, TARA, OR AMY BECOME A STATISTIC - HELP THEM TODAY SO THEY WILL HAVE A TOMORROW.

RECOMMENDATIONS:

RESEARCH:

PRESENTLY DOCTORS WHO DO RESEARCH IN JUVENILE ARTHRITIS MUST COMPETE FOR FUNDING WITH IMMUNOLOGISTS, BIOCHEMISTS AND ADULT RHEUMATOLOGISTS. JUVENILE ARTHRITIS RESEARCHERS (PEDIATRIC RHEUMATOLOGIST) IS A FAIRLY NEW FIELD. BUT THEY ARE ALWAYS CAUGHT IN THE CATCH-22 _ SCIENCE IN JUVENILE ARTHRITIS IS SIMPLY MOVING SLOWER AND CANNOT CATCH UP. CONGRESS MUST PROVIDE A MANDATE, STATING THAT THERE IS A PARTICULAR INTEREST IN JUVENILE ARTHRITIS RESEARCH AND THAT A SPECIFIC AMOUNT OF MONEY MUST BE ESTABLISHED FOR JUVENILE ARHTITIS RESEARCH. FORMER SENATOR HENRY BELLMON HAD SPECIAL WORDING PUT IN THE CONGRESSIONAL RECORD - SENATE - DECEMBER 10, 1980. IN PART THIS STATEMENT READ: THE COMMITTEE URGES THE NATIONAL INSTITUTES OF HEALTH TO SUBSTANTIALLY STRENGTHEN ITS RESEARCH IN JUVENILE ARTHRITIS TO HELP IN DETERMINING THE ULTIMATE CAUSES OF BOTH JUVENILE ARTHRITIS AND ADULT ARTHRITIS. NOTHING WAS DONE AND I FELL UNLESS CONGRESS ISSUES THIS MANDATE NOTHING WILL BE DONE.

HOW CAN YOU HELP THOSE WHO ALREADY HAVE THE DISEASE? YOU CAN INCREASE TITLE V APPROPRIATIONS AND EXPRESS AN INTENTION THAT THE DISCRETIONARY FUNDS IN SECTION 503-4 BE USED TO ESTABLISH REGIONAL JUVENILE ARTHRITIS CENTERS. RECENTLY I HAVE SPOKEN TO PARENTS IN OTHER STATES AND HAVE FOUND THAT STATES WHICH HAD CENTERS OR SIMILAR CENTERS HAD CHILDREN WHO SHOWED VERYG GOOD SIGNS OF REMISSION AND BECAUSE OF THE AVAILABILITY OF DRUGS MANY CHILDREN WERE KEPT ON THEIR FEET INSTEAD OF HAVING TO GO TO USING WHEEL CHAIRS LIKE KRISTY. I DO NOT FEEL THAT IT IS FAIR THAT CHILDREN WHO LIVE IN SOME STATES HAVE A CHOICE BETWEEN WALKING AND A WHEEL CHAIR - ALL CHILDREN SHOULD HAVE THE SAME OPPORTUNITIES.

STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The Public and Scientific Affairs Board (PSAB) of the American Society for Microbiology (ASM) wishes to submit the following comments on the fiscal year 1983 appropriations for the National Institutes of Health (NIH) for the record and consideration by the Senate Subcommittee on Appropriations for Labor, Health and Human Services, Education and Related Agencies.

The American Society for Microbiology (ASM) is the largest single life science organization in the world with an active membership of over 31,000. ASM members contribute to the applied fields of infectious disease, clinical microbiology, epidemiology, industrial fermentation process, ecological microbiology, agriculture microbiology and food technology, as well as to the fundamental areas of molecular biology, immunology, genetics, virology, oncology, microbial physiology, environmental microbiology, mycology and host parasite interactions.

1. Investigator-Initiated Research Grants

This segment of the NIH budget in our view should be the most resistant to budgetary erosion, because it is the most important in furthering economic development and protecting the health of the public. Nevertheless, each fiscal year has proven the investigator-initiated research grants to be the most susceptible to budgetary incursion. Table 1 depicts the recent 5-year history of this segment of the NIH budget.

There can be no doubt of the downward trend of the number of new and competing research grant awards and of their paylines and award rates, the three yardsticks most useful in assessing the future health of the biomedical research endeavor. Biomedical research is a long-term investment which should not be sacrificed in economic hard times, because it is deflationary in the sense that science and technology ultimately contribute to more goods, more jobs, higher productivity, and lower losses from sickness and death.

In her recently published book entitled Biomedical Research: Costs and Benefits (Ballinger Publishing Company: Cambridge, Massachusetts, 1979), Selma J. Mushkin has analyzed the role of biomedical research on reductions in death rates and sickness and the public return for the yearly expenditure on health research. She estimates that the benefits of biomedical research for the period 1900-1975 were 10 to 16 times the cost of the research and says: "The returns have been large by any investment standard. Biomedical research has been worth its price."

Much excitement today centers on the new biotechnology industry which was founded upon basic research in the molecular aspects of biology and recombinant DNA findings 5 to 10 years ago. A look at Table 1 and the fiscal year 1983 budget for NIH does not provide much hope for similar technological developments 5 to 10 years from now. In our view the economic and physical health of our society depends to a large degree upon NIH investigator-initiated research grants stabilized at a minimum of 5,000 new and competing grants per year. Since 1979 Congress has supported the concept of 5,000 new and competing research project grants each year as the House Committee on Appropriations stated on page 26 of its Report (96-244) of 1979: "The Committee's recommendations are a step in the direction of a total level of 15,000 grants with 5,000 competing each year. Such an arrangement would introduce a desirable element of stability and predictability into the grant process." Likewise, in its Report (97-268) of 1981, on page 47, the Senate Committee on Appropriations stated: "Once again the Committee has provided additional funds to support a total of at least 5,000 grants, a level which is viewed as necessary to reaffirm continuing support of this important research mechanism." Table 1 shows the number of new and competing research grants since 1979 to be highly variable and the estimate of 4,100 new and competing research project grants for fiscal year 1983 is a drastic reduction from the past four years. We urge that Congress avoid a stop-and-go pattern of funding for biomedical research with the resulting instability in programs and loss in terms of time, personnel and money.

We have felt and have argued in the past, and still feel, that if the number of new and competing research grants falls below 5,000 the nation will suffer 5 to 10 years later in terms of a loss in biomedical research initiatives that would be costly to the public health and economy and expensive, if at all possible, to repair. We feel this is still a sound policy, and we wish to alert the Congress to the critically serious trend depicted in Table 1. The seriousness in the decrease in the number of new and competing awards is compunded by the steady decline in the average paylines of all of the institutes at NIH since 1979 depicted in Figure 1.

The picture at this time for biomedical research in the fiscal year 1983 budget reflects a depressing climate wherein the number of new and competing grants drops 900 to 4,100, the lowest for many years, together with a matching decrease in paylines and a $35,000,000 decrease -- all of this at a time when the same budget shows an increase of $7,500,000 for R & D contracts and a $32,000,000 increase in intramural research. So, what is new for the fiscal year 1983 budget? In spite of hard work and the good intentions of the Congress and the biomedical research community for the past few years, we are back to ground zero and cyclic stop-and-go funding (Figures 1 and 2). When will .e learn?

RECOMMENDATION

We recommend that funds be added to increase the number of new and competing research grants by 900 from 4,100 proposed in the President's budget to a total of 5,000 in fiscal year 1983 at an estimated cost of $110,340,000.

2. Inequity in Distribution Between Institutes

Table 1 shows the distribution of paylines among the various Institutes at NIH. Funding for the minimum of 5,000 new and competing research grants each year should be equitably distributed among the various Institutes in such a manner that each Institute each year is near the average for NIH in 90% payline and award rate. Such has not been the case. In the current fiscal year 1982 paylines range from a high of 230 for the National Institute of Environmental Health Sciences (NIEHS) to a low of 170 for the National Institute of Allergy and Infectious Diseases (NIAID). This disparity should not be acceptable. Relative stability in funding should not only apply to NIH as a whole but also to each of the Institutes. It makes no sense for NIEHS to fund the highest payline in fiscal year 1983 of 200, while NIAID is again restriced to the lowest payline of 160. Clearly, any Institute with a low payline of 160 and a low award rate of 20% is not funding a sufficient and significant number of meritorious awards.

RECOMMENDATION

We recommend that fiscal year 1983 funds be distributed among the Institutes in such a way that each Institute is near the NIH average in 90% merit score paylines and in award rates. We also recommend that congressional report language state this intention so that research supported by each of the Institutes is of approximately equal merit.

3. Training

Acquiring the skills necessary to conduct basic biomedical research requires a minimum of 6 years on the job training (approximately 4 years predoctoral and 2 years postdoctoral after the baccalaureate degree). Stable support for research training is secondary in importance only to stable support for research. The fiscal year 1981 NIH budget supported 10,695 trainees, the fiscal year 1982 budget supports 9,702 trainees, and the fiscal year 1983 budget estimates 8,915 trainees. We are extremely alarmed by this trend away from the minimum of 10,000 generally held by the scientific community as essential for the future health of the biomedical research endeavor. This latter figure compares favorably with the recent 1981 report of the National Academy of Sciences Committee on a Study of National Needs for Biomedical and Behavioral Research Personnel (mandated by Congress) which recommends that 10,250 trainees and fellows be supported annually by NIH through 1985.

RECOMMENDATION

We recommend that $22.7 million be added to the NIH budget to increase the number of trainees from 8,915 proposed in the fiscal year 1983 budget to 10,250 (based on an estimated cost of $17,000 per trainee in fiscal year 1983). This figure is based upon the current approximately 50% reduction in institutional allowances.

4. GENERAL RECOMMENDATIONS

The above recommendations for research grants and training total $133,040,000 to be added to the fiscal year 1983 budget. The current reduction of 4% which applies to direct costs of all non-competing grants ($1,350,115,000 x 4%) equals $54,000,000 and should be replaced. We also recommend that $26,000,000 be added to cover the October 1982 pay raise for federal employees. NIH has been absorbing the cost of pay raises in recent years which has reduced the dollars available for research. This gives a total of $212,740,000 which we recommend should be added for research, research training and pay raises. This figure is a minimum. It does not include the following:

a) Removing the 10% reduction in indirect costs on research grants to universities, presuming an NIH-wide average indirect cost rate of 30%, would be $59,000,000.

b) Removing the reduction in indirect costs on "other research," such as research support, would equal roughly $12,000,000.

c) Removing the approximately 50% reduction in institutional allowances for training programs, based upon 10,000 trainees, would be $22,500,000.

Thus, removing the indirect cost reductions would add $93,500,000.

We prefer not to make recommendations on the issue of replacing the reductions in indirect costs. We feel that these indirect costs are real, but we are not prepared to conclude who should pay them because we fear that any effort to replace these funds would only result in further reductions in direct costs for research and training. We fear that such action would jeopardize the missions of the various Institutes of NIH in the future. We wish to emphasize that the overriding priority in NIH funding in our view is the investigator-initiated research grant. This transcends in importance all other worthy segments of the NIH budget.

The Public and Scientific Affairs Board of the American Society for Microbiology stands ready to be of assistance to the Subcommittee throughout the budget process for the National Institutes of Health.

Table I

NATIONAL INSTITUTES OF HEALTH

Paylines and Award Rates (in parentheses)
for Competing Research Projects - Research Grants

Fiscal Years 1979-1983

	1979	1980	1981	Projected 1982	Estimated 1983
NCI	235 (44%)	218 (39%)	197 (36%)	190 (26%)	190 (26%)
NHLBI	256 (55%)	206 (34%)	208 (41%)	200 (36%)	180 (25%)
NIDR	235 (45%)	230 (38%)	225 (45%)	190 (27%)	190 (33%)
NIADDKD	230 (50%)	221 (43%)	202 (41%)	190 (30%)	180 (27%)
NINCDS	240 (63%)	232 (53%)	206 (41%)	190 (33%)	190 (35%)
NIAID	233 (49%)	204 (38%)	178 (35%)	170 (27%)	160 (20%)
NIGMS	227 (58%)	219 (58%)	193 (40%)	180 (37%)	180 (39%)
NICHD	233 (45%)	200 (36%)	196 (39%)	180 (29%)	170 (21%)
NEI	262 (65%)	232 (52%)	212 (52%)	202 (44%)	190 (35%)
NIEHS	238 (41%)	217 (35%)	247 (47%)	230 (36%)	200 (26%)
NIA	278 (49%)	227 (32%)	213 (24%)	210 (27%)	180 (15%)
Average	242 (52%)	219 (42%)	207 (39%)	194 (32%)	183 (27%)

Number of Competing Grants

NIH	5944	4785	5109	4741	4100

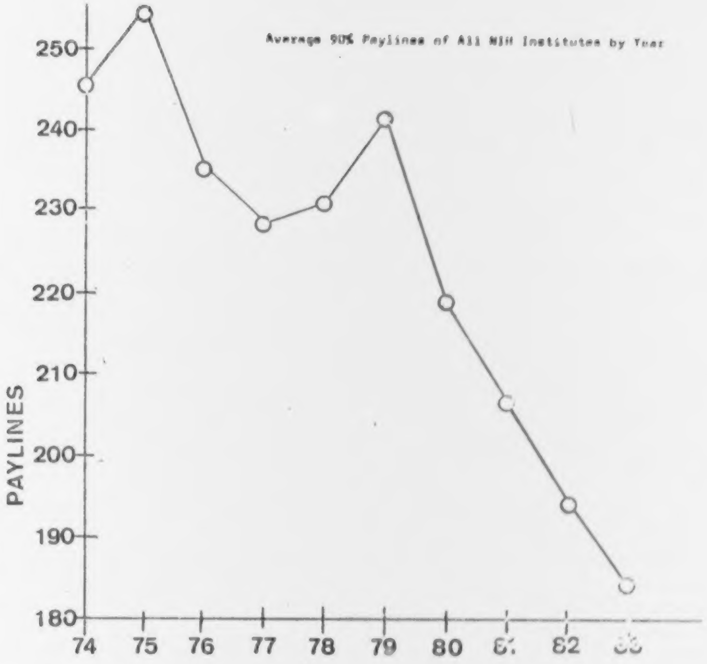


Figure 1

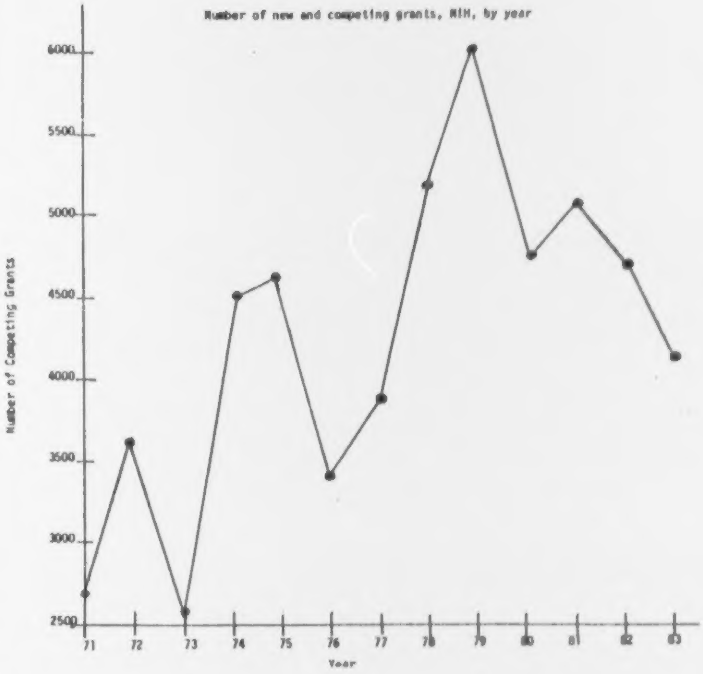


Figure 2

STATEMENT OF THE BLUE CROSS AND BLUE SHIELD ASSOCIATIONS

We appreciate the opportunity to present comments on the FY 83 funding level for Medicare contractors. Blue Cross and Blue Shield Plans have contracted with the government for the administration of Medicare since the beginning of the program in 1966, and we offer these comments against the background of our 15 years of experience.

We will discuss in detail our concerns about the proposed funding level for Medicare contractors, but first we want to highlight the impact of recent depressed funding levels for Medicare administration:

- Because of inadequacies in the funding for Medicare intermediaries and carriers, those activities which control billions, of benefit dollars are being curtailed or terminated. The result is substantially greater costs to the government in benefit payouts.
- Because of low funding levels, beneficiary services and provider relations (education) activities have been reduced substantially. In addition to providing less service to program participants, this means a large increase in claims which are submitted with errors.

Overall, when one evaluates the activities contractors have had to reduce or terminate in recent years, it is apparent that available funds are only enough to process the bills and cost reports coming in. They are not enough to exercise the level of control the Congress and the public expect over the billions of program dollars the government is spending for Medicare benefits.

Since contractor costs represent only 1.5 percent of the $47 billion paid for benefits in FY 82 and offer the opportunity for substantial savings in benefit dollars paid, inadequate funding for contractor activities does not seem to be a sensible economy measure for the government to take. Indeed, it seems a classic example of "penny wise and pound foolish."

The Medicare program has been one of the most successful of all government programs. How, then, do these funding restrictions affect the operations of the program and the public satisfaction with and acceptance of the program?

With respect to the latter concern of public acceptance of the program, the impact of the low funding levels on the beneficiary is becoming more apparent and more critical. One Blue Shield Plan has noted a 56 percent increase in beneficiary correspondence since the beginning of October. In another Blue Shield Plan, telephone inquiries have increased 30 percent, and the average waiting time to answer the beneficiary is now 10 to 15 minutes, compared to 3 to 5 minutes in 1981. The HCFA standard for the length of time contractors have to respond to written beneficiary inquiries has been increased from 10 to 45 days. A list is attached to show you the full range of HCFA-directed cutbacks which directly reduce the level of services to the public.

But it is in the area of program operations — where benefits are paid — that the cuts being forced in contractor funding make the least sense. To see the anomaly, we need to review what Medicare contractors do for the government.

WHAT DO MEDICARE CONTRACTORS DO AND HOW MUCH DOES IT COST THE GOVERNMENT?

Government funding for contractor operations is for the administrative services involved in determining and making appropriate payments for covered services furnished to beneficiaries by hospitals, skilled nursing facilities, physicians and other providers of care. The majority of contractor arrangements are on a cost-reimbursement basis, conditioned by a negotiated budget that establishes the overall limits of costs to be reimbursed. There are a few contracts on a fixed price basis.

But regardless of the contracting method, all contractors perform the same basic functions -- receiving and processing Medicare claims, and determining whether and at what level payments are to be made. As part of these basic functions, contractors are responsible for important activities which reduce the government's managerial burden and have significant cost-controlling effects:

- Contractors audit the costs submitted by providers to make sure they are appropriate and related to care furnished to Medicare beneficiaries;
- They review physicians' claims to assure the charges are reasonable and for medically necessary care;
- They assist beneficiaries and providers in understanding what services are covered and how payment is determined;
- They maintain the beneficiary and provider appeals processes for disputed claims and cost settlements;
- They assist providers to qualify for participation in Medicare; and
- They assist the Secretary in developing program policy and instructions.

The funding required for Medicare contractor operations has received increasing attention in the past few years. Federal funds for contractor operations alone are substantial -- $711 million in FY 82 -- and we believe congressional attention to these costs is appropriate. At the same time, however, we believe the discussions and deliberations in recent years have focused too narrowly and have failed to recognize the effect of these administrative dollars on the overall costs of program benefits.

To put this point in perspective, remember that contractor costs will represent only about 1.5 percent of the $47 billion paid for Medicare benefits in FY 82. That is, only about 1.5 cents is spent to administer and control every dollar of benefit payments. As the funds for contractor operations decrease, the government in effect condones a reduced effort to control the dollars paid for Medicare services. We strongly believe that contractor funding restrictions in the last two years have been too severe and will ultimately result in substantially larger program benefit payments. Thus, we urge you to consider funding contractor operations at a more realistic level for the job the contractors must do.

HOW HAS THE CONTRACTOR BUDGET BEEN SQUEEZED IN RECENT YEARS?

The appropriations for Medicare contractor operations increased only by an average of 6.7 percent from FY 78 through FY 80. While these minimal increases were not sufficient to meet the general costs of doing business during these periods of rising inflation, contractors were able to live within the funding limits by increasing their productivity.

But beginning in FY 81, the funds appropriated for contractor operations were inadequate for contractors to maintain the level of program activities considered necessary by the Health Care Financing Administration (HCFA). Even the contractors' increase in productivity, 10 percent, was not enough to compensate for double-digit inflation, increases in claims volume, and the new program requirements mandated by the Omnibus Reconciliation Act of 1980. In mid-1981, HCFA was forced to begin directing contractors to reduce or terminate certain program activities.

For FY 82, the funding provided for contractor operations in the last Continuing Resolution is $711 million, with $691 million of that amount available for current operations. The $691 million is less than a 1 percent increase over FY 81 reported costs and respresents a decrease in real dollars for contractor funding. It is insufficient to absorb even inflationary costs increases, now estimated at around 6 percent to 7 percent. In addition to inflation, contractors must also absorb claims volume increases of 8.1 percent in Part A and 12.2 percent in Part B, the duties formerly performed by PSROs, and the cost of implementing the provisions of the Omnibus Reconciliation Acts of 1980 and 1981. The provisions of the new legislation necessitate major systems changes, re-education of claims processors, auditors and reimbursement personnel, and re-education of providers and beneficiaries. All of this relearning and reprogramming not only is costly but translates into a substantial loss of productivity.

For FY 83, the Secretary's request for contractor operations is $704 million. Although the budget request characterizes the funding as the same level as FY 82, the amount is still another decrease, when compared to $711 million in the Continuing Resolution for FY 82. It is obvious that contractors cannot adjust to a lower (or even the same) funding level without making serious compromises in the quality of their Medicare operations. HCFA has projected a larger workload again for 1983 -- an 8.7 percent increase in Part A claims volume and a 12.1 percent increase in Part B.

HAS THE GOVERNMENT SAVED ANY REAL DOLLARS?

As noted, the activities which contractors have been directed to restrict or eliminate to date are the very core of the activities which are necessary to control benefit payments. The most significant of these directions are those related to medical review and provider audit.

Audit Activities

The contractors have greatly reduced their audits of the Medicare costs reported by institutional providers. The auditing of provider cost reports is one of the last and most important steps in controlling Medicare Part A dollars. Based on a sample of Plans, about 20 percent of Blue Cross Plans' provider audit staff has been terminated or has left voluntarily because of fear of termination. Those that have left voluntarily have not been replaced because of the funding restrictions. And yet, in FY 81 those auditors identified $1.3 billion in savings through auditing hospitals, nursing homes, and home health agencies. That represents a cost-effectiveness ratio of 26 to 1.

Because of inadequate funding in FY 82, the percentage of providers audited will drop from 58 percent to less than 40 percent. A total of

7,500 providers will not be audited because of these cuts, and the level of auditing under the President's FY 83 request will be even lower.

Medical Review

In the past, medical and utilization review activities have resulted in a $5 savings for every dollar invested. HCFA has directed a reduction of 50 percent in expenses for these activities. As an illustration of the impact of this reduction, HCFA reported recently that in the first three months of FY 82 alone, benefit payments have increased as much as 37 percent in some regions. In addition, this reduction directly reduces contractors' front-line efforts to detect potential fraud and abuse when reviewing services billed to Medicare.

In addition to these serious cutbacks in activities which directly control program dollars, other important activities have been reduced.

Because of inadequate funding, the HCFA standard for how promptly claims are processed has been relaxed so contractors can reduce claims-processing staff. Increasing the level of unprocessed claims delays payment to providers and forces them to borrow funds to maintain their cash flow. The providers' financing costs for borrowing necessary working capital are passed on to the Medicare program and result in larger benefit payments.

In spite of HCFA's best efforts to issue directions to reduce contractor activities, these efforts have not produced sufficient savings to stay within the available funding. To make up the difference HCFA has basically told contractors to "be creative" and reduce other, unspecified activities. The limited availability of administrative funds has also forced HCFA to tell contractors that any unanticipated cost increases (such as further postage increases, workload increases, tax increases, wage settlements, etc.) will have to be absorbed in the contractors' existing budgets (for cost-reimbursement contractors) or price (for fixed-price contractors).

WHAT IS THE BOTTOM LINE AND THE FINAL EFFECT?

As a result of these problems and uncertainties, many contractors are re-evaluating their continued participation in Medicare.

The entire contractor community, not just Blue Cross and Blue Shield Plans, is greatly concerned about the integrity of the program at the current level of contractor funding for FY 82. We view the Secretary's request for FY 83 to be another substantial decrease in real dollars for contractor funding. This magnifies our concerns. Further, the current uncertainty about the level and availability of funding makes contractor operations more difficult because contractors cannot quickly adjust their staffing or operating system and procedures to be consistent with funding reductions introduced after the start of the fiscal year.

It is clear to all of us that the nature of entitlement programs makes benefit dollars hard to control from year to year without making politically difficult decisions to curtail elgibility or benefit levels. Administrative dollars, on the other hand, yield much more easily to budgetary restraint. You can simply cut them with the hope that contractors or administrators will know how to "make do" with less. It is tempting, therefore, to squeeze these dollars when other program costs are slipping out of control. But it is a false economy -- "penny wise and pound foolish."

If contractor funds continue to be reduced to the levels suggested by the Administration, the operation of the Medicare program will suffer, and the government's costs will be higher in the long run because of the erosion of management control over billions of program dollars.

HCFA has estimated that $804 million is needed to fund FY 83 contractor operations at an adequate level. That figure may look like a $100 million increase over FY 82 funding, but consider that inflation will probably account for over half of the increase and you will see that the real increase is less than 7 percent over an already inadequate level.

We believe that Congress should provide appropriations at the estimated $804 million level. For that additional $100 million, HCFA and the contractors — working together — can save several hundred million dollars in program benefits. To put it another way, for the additional $100 million, contractors can reduce total Medicare outlays by many times that amount. That sort of return on the taxpayer's dollar is unquestionably a good investment.

ATTACHMENT

HCFA-DIRECTED CUT-BACKS AFFECTING SERVICE TO THE PUBLIC

- Beneficiary Telephone Service. Contractors were directed to relax the level of efficiency, so that 40 percent of calls-in can meet a busy signal. Previously, service was required so that nor more than 10 percent of calls encountered a busy signal.
- Toll-Free Telephone Service. Contractors which had not yet achieved implmentation of Toll-Free Telephone Service were directed to not budget any additional costs to achieve implementation.
- Acknowledgement Letters. Contractors were previously required to send a written acknowledgement of a beneficiary inquiry. This was eliminated.
- Beneficiary Inquiry Response Time. Contractors were previously required to formally respond to written beneficiary inquiries within 10 working days. This was relaxed to 45 calendar days.
- Fair Hearing Notification. Previously, contractors were to copy the beneficiary on notifications to suppliers regarding Fair Hearings. Now, the beneficiary is not copied.
- Elimination of Second Request. Previously, contractors sent a second request for information needed to develop a claim, if no response was received to the first request. Now, contractors are directed to eliminate the second request, and merely deny a claim if there was no response to a request for information.
- Elimination of Franked Envelopes. Previously, requests for information were accompanied by a stamped return envelope for the beneficiary's convenience. Now, contractors are directed to provide only the envelope, not the postage.
- Processing Time Standard Relaxed. Contractors were directed to allow a two-day increase in the claims processing cycle.

STATEMENT OF THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES

Mr. Chairman and members of the Committee, the Association of American Medical Colleges (AAMC) is the national voice for all the nation's medical schools, for over 400 teaching hospitals and for the faculties, administration and students of these institutions.

The Association wishes to express its deep dismay over the Administration's recommendations for funding in FY 1983 of statutory authorities for research, research training, and health professional education. The levels that have been proposed in the budget request continue the severe reductions imposed just last year for those programs. In the stressed and distressing economic climate that now prevails, it becomes even more important to fund the research effort that could make important contributions to recovery. The AAMC is convinced that:

- any course other than increasing funding for biomedical and behavioral research and research training would be seriously counterproductive;
- this nation can ill afford further limitation of student access to medical education;
- the mechanisms for improving health care through special project grants to medical education institutions absorbed more than their fair share of austerity last year and further reductions would come close to totally impairing their viability.

The National Institutes of Health

Funds spent for biomedical research are a spectacularly profitable investment in this nation's future, whether evaluated in social or in individual terms, on economic or medical grounds. Therefore, the Association recommends that an amount at least equivalent to the FY 1982 level, adjusted for inflation, or $3.9 billion, be appropriated for the NIH in FY 1983.

Biomedical research has brought this nation singular international preeminence. Through American achievements, the world has witnessed: enormous improvements in human health; breathtaking revolutions in the understanding of biological, behavioral and medical sciences; startling advances in the prevention, diagnosis and treatment of disease; and---largely unheralded---very significant economic benefits. Regrettably, this country cannot live on its laurels; its eminence in the biological, behavioral and medical sciences---epitomized by some 48 Nobel prize recipients in the past 40 years---will not prevent its eclipse, if the U.S. continues to underfund this area of scientific inquiry. Since 1979, NIH funds for the biomedical sciences, adjusted for inflation, have fallen by 5% per annum; the Administration's FY 1983 request reflects a further 3% decline.

This ebb in funding for the NIH is but the latest illustration of the nation's short-sighted policy towards support of scientific research. West Germany and Japan have each invested larger proportions of their GNP in civilian R&D for two decades. The newly-elected French government recently announced its intention to increase its spending for scientific research over the next five years by at least 8% above inflation.

Biomedicine, like other fields of science, must look almost exclusively to the Federal government for support since, even under the best of circumstances, in a competitive economic system such as ours, private industry systematically underinvests in basic research, the wellspring of ideas for applied research and development.

Because government support is pivotal in the biomedical sciences arena, it is increasingly distressing that the minimum goals established less than 3 years ago for research and research training grant programs of the NIH have not been met. Just last year, in fact, this Committee emphasizes that there "...is a critical need to continue a stable level of support for competing research grant applications..." and recommended support for some 5,000 grants; a level which it viewed as "...necessary to reaffirm (the Congress') continuing support of this important research mechanism." However, the Administration's newest proposal budgets funds for only 4,100 research grants in FY 1983. Moreover, in order to fund even that number, it has recommended a 10% reduction in support for the indirect costs an institution incurs while engaged in NIH-sponsored research. Indirect costs are real and irreducible institutional costs for the research effort. Institutions already share substantially in meeting these costs from their ever less adequate operating funds. Requirements for further contributions would bring serious problems in maintaining the institutional base in which programmatic research is carried out. Twice last year in connection with research training, this Committee acknowledged the essentiality of indirect costs and explicitly rejected the Administration's attempt to eliminate such reimbursement. Therefore, the Association urges this Subcommittee to reject the Administration's proposal out of hand, and both restore the funds needed, some $76 million, to fully reimburse indirect costs and to add an amount sufficient to ensure that, at a minimum, the goal of supporting 5,000 new and competing grants is realized. If the biomedical research enterprise---that you in the Congress have so staunchly supported---is permitted to dwindle:

- creative and promising young scientists will be diverted to endeavors of lesser national significance;
- the institutions that compromise the research infrastructure of the nation's research program of which we are all so proud will be hobbled;
- research progress on many fronts will be delayed or halted at a time when the promise for significant new advances has never been greater.

Research Training

An important dividend of academically-based biomedical research is the training of young scientists, since *the* method of graduate education is engagement as an apprentice under guidance in research. However, Federal support for research training has declined sharply over the last decade. Since 1970 support to medical schools for training biomedical scientists has decreased by more than 41% in constant dollars, with a concommitant decline in the number of aspirant scientists receiving awards. Essentially, the nation, after exponentially expanding knowledge relevant to improvement of health and conquest of disease, now heads into an era of burgeoning scientific opportunity and sharpened international economic competition with fewer young biomedical researchers in the pipeline than in 1970. A similar decline is in the offing next year if the Congress accepts the Administration's proposal to fund only 8,915 NIH and 293 ADAMHA research trainees.

The AAMC urges the Subcommittee to recommend appropriation of the fully authorized level of $195 million for biomedical and behavioral research training.

ADAMHA

The Administration's FY 1983 request for ADAMHA advocates a small increase for research, a reduction for research training and total abolition of clinical training.

ADAMHA's research program is slated for a $28 million increase over FY 1982. However, despite this increase and a concommitant 10% decrease in support for indirect costs, the number of grants funded will fall 50 projects short of the minimum level of 500 recently endorsed by Congress. The Association urges that you restore funds to assure full indirect cost reimbursement and establish a level of support sufficient to provide for the award of 500 research grants.

Like that of NIH, ADAMHA's Research Training program has been targetted for a reduction; the budget requests nearly $1 million less and would support 42 fewer training awards than in FY 1982.

Clinical training, however, has been slated for total elimination. This policy ignores the vital role of clinical training in increasing the ranks in a specialty area in which severe shortages are predicted and for which clinical practitioners, recently embued with modern biological concepts, are urgently needed to translate today's exciting advances in the neurosciences into practical patient care.

Thus, the Association recommends that this Committee allocate at least $344.7 million in FY 1983, to protect the agency's research and research training programs from inflation and to prevent obliteration of clinical training.

Student Assistance

Moving on to the issue of student assistance, the Administration's policy is that students and parents should bear the cost of higher education; the AAMC is in general agreement. However, the proposed budget virtually abolishes the very loan programs through which this policy would be carried out. It is especially distressing in the fields of biology and medicine where assaults on the Guaranteed Student Loan (GSL), the Health Professions Student Loan (HPSL), Exceptional Financial Need (EFN) Scholarship and the Health Education Assistance Loan (HEAL) programs have simultaneously surfaced. Under specific budget proposals:

- Graduate and professional students are denied access to GSLs.
- No new funds would be added to the HPSL revolving funds operated by the schools but rapidly eroding due to inflation.

- The EFN scholarship program would be terminated in FY 83.
- The current HEAL borrowing limit of $200 million would be reduced by some 60 percent, even though the government sustains no actual outlays in conjunction with the program.

If the proposals just outlined were enacted intact, this nation would, for all practical purposes, be well on the way toward limiting access to medical education to the well-to-do.

Special Projects

Finally, the Association urges you to approve increases of at least enough to compensate for inflation, in the small remaining group of special projects that contribute vastly to the improvement in the quality of health services delivered across our country.

Summary

In summary, the AAMC hopes that the Committee will use its extensive experience and wisdom to evaluate, and, it is hoped, to redress:

- The baleful impact underfunding will have on our country's momentum in biomedical and behavioral research and research training.
- The sharp reductions proposed in the already modest student aid programs that unfortunately only foster elitism and the narrow access to medical education.

The Association recognizes the critical nature of the current national economic situation. It acknowledges the necessity of wide-spread belt tightening and sacrifice; but it is convinced that failure to expand research investments is counterproductive in the truest sense of the word, and that withdrawal of our commitment to high quality medical education, will, in the long run, be intolerably costly.

Thank you for your attention.

STATEMENT OF HOWARD J. BRINKLEY, M.D., UNIVERSITY OF MARYLAND

Mr. Chairman, members of the committee. I am Dr. Howard J. Brinkley, a scientist interested in reproductive biology and Professor of Zoology, University of Maryland, College Park, Maryland.

The ongoing research in my laboratory focuses on the mechanisms involved in regulating the functions of the ovary. However, since the ovary is controlled by hormones secreted from the anterior pituitary gland, we have studies underway to determine what nervous and endocrine factors influence the function of the gland. We are also actively involved in the training of young scientists at the doctoral and postdoctoral levels to allow them to pursue careers in reproductive biology.

Today, I am appearing before you on behalf of the Society for the Study of Reproduction, a professional society concerned with understanding basic reproductive mechanisms in humans and animals. The approximately 1800 members of our Society are predominantly university and research institute scientists who conduct fundamental and applied research and train young women and men for careers in reproductive biology and medicine.

Reproductive biologists seek a basic understanding of normal and diseased states of the male and female reproductive systems, the control of the reproductive system by the endocrine glands and the brain, and the influence of the environment on reproductive success or failure. The majority of this research is conducted using animal models appropriate for the human.

Other members of our Society conduct applied and/or clinical research which examines the potential application of this fundamental knowledge to the solution of society's problems. Examples include human contraception, infertility in males and females, abnormal development of offspring and the production of protein for human consumption by increasing the reproductive efficiency of domestic animals.

In my testimony this afternoon, I would like to take a few minutes to briefly tell you of two recent advances in our knowledge which appear to have real significance for the regulation of reproduction. First, recent data have provided new insight into the endocrine mechanisms involved in the regulation of the menstrual cycle in non-human primates. From preliminary data, it appears that pulses of gonadotropin releasing hormone (Gn-RH) from the brain, occurring at approximately hourly intervals, are central to the normal processes regulating the 28-day menstrual cycle. This new and exciting information may have important implications for correcting disorders of the reproductive cycle in some women. In addition, other data suggest that a chemically modified form of the GN-RH molecule administered to women may have potential for contraceptive purposes.

A second area where real progress has been made is in our understanding of the mechanisms controlling the function of the ovary. Progesterone secretion from the ovary is a prerequisite for normal pregnancy in all mammals. including women. Secretion of progesterone is controlled by a hormone, luteinizing hormone, originating from the pituitary gland. This pituitary hormone interacts with a specific receptor molecule on the surface of the cells of the ovary. Recent information suggests that changes in the number of receptor molecules in the ovary are more closely related to the secretion of progesterone than are changes in the circulating levels of luteinizing hormone itself. Thus, the ovary has mechanisms whereby it regulates its own responsiveness to stimulatory hormones. Similar information is becoming available for the regulation of testicular function. This new information may be useful for developing new methods of contraception in the male or the female and may also provide new insights into the cause and prevention of spontaneous abortions.

Much, if not all, of the research leading to this new understanding of basic reproductive processes has been supported by funds from the NICHD.

Last year, the authorization for population and reproduction research was transferred from Title X (Family Planning) to the authorization for the National Institutes of Health. In its appropriations legislation, this committee included specific language acknowledging this new relationship of the Center for Population Research to the National Institute of Child Health and Human Development. We are grateful to the committee for its continued support.

The additional funds appropriated under the continuing resolution for this fiscal year, when combined with funds recovered from investigators with continuing grants and from investigators scheduled to receive funding for their renewal grants, have permitted new grants with a scientific merit score of 185 or less to be funded. This score is less than the cut-off score reached last year, and may not be exceeded before the end of fiscal 1982.

The recent reductions in funds for continuing grants and renewals, although economically necessary, have had serious consequences for reproduction research. Highly trained technicians have been laid off and terminated. Equipment purchases must again be deferred by investigators with the hope that they can continue to be productive with their current instrumentation until additional funds become available. Some of our best senior investigators have tired of the decades of struggle to sustain funding for their research programs and have become senior corporation officers or academic administrators. Unfortuantely, the number of predoctoral students is declining because of an increased awareness by young people of the low income expectations of the profession and of the uncertainty of funding for research in their chosen field, currently, and in the future. Many of our best scientists are beginning to complain of the lack of appropriately trained new Ph.D.'s to serve in junior positions in their highly productive research programs. Since the current decline in the availability of trained young professionals is developing within the same time period as the phenomenon of "burnout" is becoming a common occurrence in senior research scientists, the field of reproduction (and many of its allied fields in biomedical sciences) will undergo personnel deficits in the future that may lead to the establishment of inefficient and counter productive cyclic fluctuations in the availability of researchers similar to those observed in the training and availability of engineers for many decades in this country. However, a major difference is apparent, the "cycle" for training engineers is five years, whereas the "cycle" for biomedical researchers is likely to be 12 years. Thus, crises such as those developing in reproduction research and training result in changes not easily corrected in a short period of time.

The situation outlined above is reasonably predictable from past experience in similar circumstances in other professions. However, the consequences of some circumstances presently developing are not so easily predicted. For example, there are a number of current or anticipated changes proposed in the way we conduct research which have had, or will have, a dramatic effect on the costs associated with this effort. These include (1) the increased costs of time-reporting requirements for investigators and institutional administrators, for equipment inventories, and for accounting and bookkeeping provisions of A-21 regulations from OMB. (2) The effects of a 1-3% set-a-side of all research funds for small businesses currently being considered in Congress. (3) The current increase in legislative and political activity by animal rights and animal welfare organizations, and (4) the continued use of improper scientific manpower estimates to determine the national need for health research personnel.

Although we are aware of the current difficult economic situation in the United States, the high level of unemployment, and the economic distress of other professions and industries, our responsibility is to state the needs for funding for population research. We have recounted some of the scientific successes and some of the accumulated professional and operational deficits of the past decade. The nation must continue to support research aimed at beneficial regulation of the reproductive processes so that new knowledge obtained by scientists will be available for solving man's reproduction and population problems in the future. For these reasons, we recommend that the committee increase the appropriation for the Center for Population Research of the NICHD from the President's request of $85.7 to $90.7 million. The additional $5 million will begin to overcome the accumulated deficit in research equipment and grant personnel, and begin to restore the losses due to inflation.

STATEMENT OF THE AMERICAN ACADEMY OF CHILD PSYCHIATRY

The American Academy of Child Psychiatry is a national professional association of over 2500 doctors of medicine, who have completed a general psychiatry residency and two years additional training in child psychiatry. A child psychiatrist is a physician who diagnoses, treats, and attempts to prevent the mental and emotional disorders in our young and developing population. His or her major qualifications lie in the knowledge and skill implicit in early career training in medicine and biology and in the specific and unique ability to address both normal development and the disorders of children. With regard to psychopathology, the child psychiatrist is knowledgeable about etiology, development, and treatment of psysiologic, as well as psychological and social, elements of childhood maladaptation.

It is generally accepted that 1 in 10 children (approximately 9 million children in the United States) has an emotional disorder. These children suffer from psychosis, schizophrenia, depression, autism, minimal brain dysfunction, physical abuse, learning disabilities, alcoholism, drug abuse, etc. Fewer than ten percent receive treatment. These children can be helped if they are identified, and if there are services and appropriately trained personnel. Without help, families are destroyed, lives lost, and dollars wasted in belated diagnosis and treatment.

The proposed fiscal 1983 budget for the National Institute of Mental Health eliminates all funds for clinical training, and reduces research training by six percent, to $14.4 million.

There are currently only 3,000 child psychiatrists in the United States. The former Graduate Medical Education National Advisory Committee (GMENAC) published its study of all medical specialties in September 1980, and estimated that by 1990, 8,000 to 10,000 child psychistrists would be needed. The report noted that child psychiatry is the most underserved medical speciality. If programs continue to train at 1980-81 levels (i.e. with approximately 200 completing training each year), GMENAC estimated there will be only 4,000 child psychiatrists in 1990. This figure does not address the number of child psychiatrists who stop practicing, who die, or who move to administrative or academic roles.

To understand the necessity of the mandate which we ask from you, please examine the following figures regarding the number of child psychiatry trainees from 1977 to 1981:

Year	Number of Child Psychiatry Trainees
1977	564
1978	552
1979	521
1980	426
1981	423

These figures indicate the trend of fewer and fewer physicians entering the fourth and fifth year postgraduate program of child psychiatry. Recruitment difficulties are compounded when federal support for graduate level student loans is threatened, or when support for any part of the training team is removed because federal funds are withdrawn. Proposed reductions in health care assistance at both program or education levels can affect the recruitment of trainees and faculty, and this can trigger the demise of a training program. Many of these programs are very fragile and even limited federal support is life-sustaining. And once the training team is scattered, the cost to ever retrieve it rises steadily. As Peter Henderson, M.D., Associate Professor and Director of Residency Education in General and Child Psychiatry at the Western Psychiatric Institute and Clinic of the University of Pittsburgh writes:

> The cuts will further undermine the efforts of faculty such as myself in the recruitment of young physicians into our field. These physicians will see child psychiatry as a speciality that is shrinking and increasingly less important to choose as a career.

The charge that funds for clinical training can be reduced because there are other training opportunities now in existence is a misunderstanding of the total amount of time, money and commitment necessary to become a child psychiatrist. The disincentives thrown up by removing federal assistance and lengthening the years of indebtedness could make child psychiatry a rare medical speciality rather than just an underserved one.

And training programs do more than just train child psychiatrists. They provide valuable services to the communities in which they are located. Training of a child psychiatrist occurs in a number of settings, often extending credibility to service delivery systems, increasing the quality of care, and additionally reducing turnover in staff. This is particularly true in poor urban settings where care is given to high risk children who are most in need. Examples of services provided in such programs are comprehensive diagnostic and treatment modalities of every kind and specialized programs for high risk infants, runaway adolescents and delinquent youth, children who show learning impairment, sexually abused children and their families, and children with medical illness and accompanying psychological difficulties.

Economically, the current proposals to abolish funding for child psychiatric are shortsighted. These programs provide quality care for children at very low cost. Kenneth Robson, M.D., Director of Training in Child Psychiatry at the Tufts University School of Medicine, New England Medical Center Hospital, Boston, Massachusetts, writes:

> It is evident that residents-in-training provide both standard and emergency services on a 24 hour basis that would cost the Commonwealth of Massachusetts three to five times as much in dollar amounts for private-sector psychiatrists. In my own program, services to high-risk children and families are estimated to cost one-eighth of standard Medicaid charges and one-tenth of third-party payer standard reimbursement schedules.

We are striving to advance our knowledge and find new and effective methods for treating emotional disorders in children. These efforts depend on adequate and continuing support for research in the field of child psychiatry. The implications of all research efforts are of national significance. It is therefore important that the federal government exert leadership in commitment to such activities.

Within the National Institute of Mental Health, the Center for Studies of Child and Adolescent Psychopathology provides a focus and impetus for research into the etiology, treatment and prevention of emotional disorders in children. Current projects address such areas as children at high risk of mental illness (the offspring of parents with schizophrenia), prevention of acute mental illness (children who are at risk for reasons other than their parents), depression, hyperactivity, and autism.

The availability and continuity of funding is of critical importance to the initiation and completion of such projects.

The Center of Studies of Child Adolescent Disorders is also addressing the issue of training of researchers. Within child psychiatry, there are currently less than 20 full-time equivalents doing research. Most of these work in about 5 major training programs which also deliver services. With so few programs and role models, training in research up until now has been almost accidental. The Center has developed several plans to attract potential researchers. These efforts will double the number of child psychiatrist researchers within 4 years.

We hope you are now aware of the service, research, and personnel needs of mentally ill children and adolescents. This awareness is not enough.

We urge the Committee to include in its report, language specifying Congressional intent that priority be given to funding mental health services, research, and clinical research training directed toward children and adolescents.

The American Academy of Child Psychiatry supports the currently proposed $149.9 million NIMH combined extramural and intramural research budget. We oppose any reduction in funding for NIMH research training below the current level of $15.3 million. We urge restoration of critical funds to support clinical training in the areas of both general and child psychiatry.

Statement of the National Coalition of Hispanic Mental Health and Human Services Organizations

Good monring. I am here today on behalf of Rodolfo Balli Sanchez, National Executive Director of COSSMHO - The National Coalition of Hispanic Mental Health and Human Services Organizations. The COSSMHO network includes community based agencies, national organizations, and professionals working to meet the health mental health, social service, and youth service and advocacy needs of Cuban, Latino, Mexican American, and Puerto Rican communities throughout the country. COSSMHO affiliates are located on over 220 cities in 32 states, the District of Columbia, and Puerto Rico. During the past four years of COSSMHO's eight year history, the organization has actively implemented projects serving Hispanic youth nationwide through its National Hispanic Youth Institute. The Institute, a network of over 150 local youth-serving agencies, organizations, and coalitions, has, since its inception in 1978, created ten active local citywide Hispanic youth coalitions in cities throughout the country. (Albuquerque, Boston, Detroit, Elizabeth, NJ; Miami, Oklahoma City, Salt Lake City, San Antonio, Toledo, OH; and Tucson.) Through this network, the Youth Institute has coordinated with the coalitions to conduct:

- Youth Leadership Training Seminars
- Health Careers Fairs
- Youth Awareness Public Forums
- Juvenile Justice Advocacy Activities
- Internship Programs
- Educational Training
- Two Biennial National Hispanic Youth Leadership Symposia, with a third scheduled for next week in Denver, CO, conconcurrent with COSSMHO's National Hispanic Conference on Health and Human Services.

COSSMHO's National Hispanic Youth Institute addresses this Subcommittee today to support an appropriation of the full $30 million for the Adolescent Family Life Demonstration Projects Act -- the level at which it was authorized last year as a new Title XX of the Public Health Service Act. In tandem with our support of this appropriation, we ask that the specialized needs of Hispanic adolescents, this nation's most rapidly growing minority, be given specific attention.

COSSMHO's Youth Institute believes it is vitally important to address the appropriation of funds for a program which will positively impact the lives of this country's adolescents and their parents, particularly because Hispanic youth 21 years of age and younger comprise over half of the U.S. Hispanic population of 20 million. Only 30 percent of the U.S. population at large is under 21. Furthermore, during the 1980's, Hispanic youth are expected to swell in number and by the end of the decade, Hispanics will comprise the single largest ethnic group in the country.

About 41 percent of Hispanic families have children under the age of six, compared to 26 percent of all U.S. families. Twenty five percent of all Hispanic families live below the poverty level, compared to only 10 percent of other U.S. families. With respect to educational attainment, 42 percent of Hispanics ages 25 and older have completed high school, compared to 69 percent of non-Hispanics. Among Hispanics ages 35 and older, the median highest grade of educational attainment is 8.5 years, compared to 12 years for Anglos. Thus, Hispanic families are younger, larger, poorer, and less well-educated than non-Hispanic families, and consequently are at greater risk with regard to the issue of adolescent pregnancy.

According to the 1979 Department of Health and Human Services Report to Congress on Health, Hispanics, like other minorities, have poorer health care, higher death rates, lower life expectancy, and a lower sense of general well-being than whites. The lowest levels of health insurance coverage among all Americans were found among Hispanics. The infant mortality rate of Hispanics is second only to that among Native Americans.

Hispanic mothers are younger, less-educated and less likely to have received early prenatal care than white non-Hispanic mothers. In approximately 20 percent of Hispanic births, the mothers were under age 20, according the a recent HHS report on Hispanic births, compared with 12.4 percent of births to white non-Hispanic women and 26.2 percent of births to black non-Hispanic women. Overall, the median years of schooling for Hispanic mothers was 10.8 years, nearly two years less than that for non-Hispanic mothers, 12.7 years. According to the 1979 National Longitudinal Survey on Youth, published by the Urban Institute, Hispanics drop out of school much more frequently than whites or blacks, and among the major reasons cited are pregnancy, getting married, and home responsibilities. The proportion of Hispanic mothers receiving prenatal care in the first three months of pregnancy was 57 percent, compared with 80.7 percent for white non-Hispanic mothers. It was about the same as that for black non-Hispanic mothers -- 59.1 percent.

The Hispanic Family

"The Hispanic Family has traditionally been, and is, what much of the Anglo family in this country has ceased to be. The intrinsic values of an Hispanic family are difficult to understand for anyone who exists in a milieu that has essentially disavowed the value of intergenerational living and the emotional strength of the extended family.

The Hispanic youth who decides to bear and raise a child is likely to live below the poverty level. The young Hispanic parent is probably poorly educated, lives in the inner city, and lacks job skills; and, in general, will exert pressure on existing family resources. She will be even less job-ready than her white American counterpart, because Hispanic women with children are less likely to work. The social cost, still unmeasured, is borne directly by the Hispanic family." (Martinez, Angel Luis; "The Impact of Adolescent Pregnancy on Hispanic Adolescents and their Families." Teenage Pregnancy in a Family Context. ed. Theodora Ooms).

In order to minimize this social cost of adolescent pregnancy and its sometimes debilitating impact on the whole family, it is imperative that Hispanic young people, and their parents, be afforded the opportunity to strengthen and maintain the positive aspects of familia and the physical and spiritual benefits derived from this source. Through the recommended appropriation of funds for the Adolescent Family Life Demonstration Projects Act, the Office of Adolescent Pregnancy Programs will be in a position to expand efforts aimed at finding effective means within the context of the family/la familia, of reaching adolescents before they become sexually active in order to maximize the guidance and support available to adolescents from parents and other family members. COSSMHO feels that this approach, in conjunction with culturally sensitive program components to serve the specific needs of Hispanic adolescents and their parents, will lead to much more effective prevention of early pregnancies and early premarital sexual relations among this target population.

This prevention approach must be supported if we are to have significant positive impact upon the high health, social, and economic risks inherent to adolescent parenting -- risks which not only affect mother, father, and child, but which also represent long term costs to society. (About half of all mothers in AFDC families were women who had their first child during adolescence; of all children born out of wedlock, almost 60 percent end up on welfare.)

COSSMHO's National Hispanic Youth Institute supports the proposed approach, and strongly encourages this Subcommittee to vote in favor of full appropriations for the Adolescent Family Life Demonstration Projects Act.

Thank you for this opportunity to testify today. We hope that the recommendation offered here will be given your serious consideration, and that our full statement be included in the Record.

STATEMENT OF THE AMERICAN DENTAL ASSOCIATION AND THE AMERICAN ASSOCIATION OF DENTAL SCHOOLS

Student Assistance

The cost of graduate education has increased dramatically in recent years. Nowhere is this trend more evident than in the 60 American dental schools where the average tuition has risen more than 250 percent in the past decade.

As with other health professions, the total institutional expense for training a dental student is substantial. In 1980, the average annual cost for educating one dental student was $20,000. With the pronounced withdrawal of federal support to dental schools, it has become increasingly necessary to shift a larger proportion of this cost onto the student, primarily in the form of higher tuition. In 1981-82, the average first-year cost to the student, exclusive of living expenses, was $8,200, and exceeded $12,000 for students attending private dental schools. Total first-year educational costs were more than $10,000 at 20 of the nation's dental schools, and ranged as high as $19,200.

Two consequences of this high cost to the student have been the escalating debt burdens of recent dental graduates, and a sharp decline in the number of students applying to dental schools.

The debt levels of dental graduates have been rising at a rate of about 20 percent a year since data first became available in 1978. At this rate of increase, it is expected that average debt levels for the class of 1982 will exceed $26,000. This year's freshmen, members of the class of 1985, would graduate with debts averaging over $45,000.

There is a legitimate concern that these highly indebted graduates may not have the financial ability to repay debts of this magnitude during the early years of their dental practice.

The other cost consequence has been a 45 percent decline in the number of applicants to dental schools since 1975. It is particularly disturbing that a major factor in this decline has been the demonstrated fall off in applicants from the lower middle class. Additional limitations of financial aid and increases in educational costs will only further this imbalance, and could reverse the past decade's gains in increasing minority enrollment in dental schools.

In the face of this disturbing situation, the Administration is proposing to limit virtually all financial assistance programs currently available to dental students. This budget proposal would: exclude professional students from participation in the Guaranteed Student Loan Program; eliminate all federal capital contributions to the Health Professions Student Loan Program and the National Direct Student Loan Program; limit federally insured Health Education Assistance Loans; and eliminate the Exceptional Financial Need Scholarship Program which has been of great importance to students from families with extremely low incomes, and has provided support for many minority students during their dental training. Such a plan, if approved, would have a devastating effect on the ability of students to finance their dental education.

We urge this Subcommittee to act positively in dealing with these issues of student financial assistance by:

1. Recommending an appropriation equal to the full authorization amount of $13 million for the 1983 federal contribution to the Health Professions Student Loan Program.

2. Recommending that the Exceptional Financial Need Scholarship program be funded at its full authorization level of $6.5 million.

3. Recommending that the National Direct Student Loan Program, which helped fund one-third of the neediest dental students in 1981, be funded in an amount at least equal to the 1982 estimated spending of $193 million.

In addition, we strongly urge the Congress to maintain the current provisions allowing for graduate student participation in the Guaranteed Student Loan Program. The GSL program has been the most important financial aid source for the majority of this nation's dental students, and was utilized by more than 70 percent of all dental students in 1981.

Dental General Practice Residencies

Last year Congress extended the authority to award grants for graduate training in the general practice of dentistry. These programs have been particularly effective in providing future practitioners with the skills and experiences necessary for the provision of comprehensive, primary dental care. Over the years, these hospital and school-based programs have produced a steady flow of family dentists who are trained to meet the needs of special patients in the communities in which they locate. In addition to providing a full range of dental services to underserved populations, many of the graduates of these general practice residency training programs are also prepared to render dental care to the emotionally disturbed, medically compromised or developmentally disabled patient.

Our Associations fully recognize the fiscal constraints which led to the development of the Administration's 1983 budget request. Indeed we support many of these efforts to reduce federal spending. Unfortunately, we fail to understand the rationale for eliminating all support for dental GPR training which, with minimal funding in the past, has successfully addressed the unique dental needs of underserved and special populations. A prudent, and we believe justifiable course in this case is the appropriation of sums -- approximately $1.9 million -- necessary to continue those already approved Dental GPR projects.

Dental Research

Mr. Chairman, the American Dental Association and the American Association of Dental Schools recommend a fiscal 1983 appropriation of $88,700,000 for the National Institute of Dental Research (NIDR). The research conducted by NIDR encompasses seven specific program areas: Dental caries, periodontal disease, craniofacial anomalies, soft tissue stomatology and nutrition, restorative materials, pain control and behavorial studies. In addition, the Institute provides support for basic research and clinical studies at dental research institutes/centers in university environments.

Underscoring all these program objectives is the institute's primary goal of developing preventive dental health methods through biomedical research. Prevention is the most important approach to combating dental disease. The efficacy of NIDR's emphasis on prevention has been dramatically demonstrated by the results of a recent survey conducted by the National Institutes of Health. NIH scientists report that "Tooth decay -- the leading chronic disease of childhood -- has been reduced by about one-third among U.S. school children during the past 10 years." Of particular importance is the considerable savings in public expenditures for dental care that has resulted from this successful application of research in dental disease prevention.

Mr. Chairman, the ADA and the AADS are very appreciative of the support which this committee has given to dental research in the past. We must respectfully note, however, that funding for the dental institute has not kept pace with the budgets of the other research institutes. Although NIDR is the third oldest research institute, it unfortunately has the smallest budget within NIH. In fact, less than three percent of the total NIH research effort is directed toward dental disease.

The disparity in funding for NIDR versus the other institutes is even more evident when compared in constant dollars. Using the fiscal 1973 NIH appropriations as a base year, the dental research institute would require $103,432,000 in current funding to remain constant. The Administration's 1983 budget request of $74,462,000 represents only 72% of NIDR's fiscal year 1973 appropriation in constant dollars. This is the lowest percentage of all the institutes which, on the average, are presently receiving a respectable 97% of their 1973 appropriation in constant dollars.

Dental disease is the most pervasive health problem in the nation -- affecting 90% of the population. The National Institute of Dental Research supports over 80% of all the dental research conducted in the United States. Unlike other institutes, it does not enjoy significant financial assistance from private industries and philanthropic foundations. Federal support for dental research is not only desirable -- we believe it to be essential. For these reasons, the American Dental Association and the American Association of Dental Schools urge the subcommittee to recommend a fiscal year 1983 appropriation of $88.7 million for the National Institute of Dental Research.

Dental Disease Prevention

The Administration's 1983 budget request proposes to terminate all funding ($1.1 million) and personnel positions (11) currently authorized for the Dental Disease Prevention Activity of the Centers for Disease Control. The Dental Disease Prevention Activity serves as the national focus for fluoridation. As such, it is the single resource available to states and local communities for information, consultation and technical assistance on water fluoridation programs. The purpose of water fluoridation is to reduce the incidence of dental caries in children and young adults, and to contain expenditures (public and private) for dental treatment. The U.S. Public Health Service has described fluoridation as "the most effective, least costly public health measure for preventing tooth decay".

The American Dental Association does not agree with the Administration's contention that establishment of the preventive health block grant concept removes the need for a national focus for dental disease prevention. Rather, we believe this action increases the need for the CDC to continue to provide:

- Direct technical assistance to states and local communities to initiate community water fluoridation in fluoride-deficient public water supplies;
- Training programs for the development and implementation of monitoring and surveillance programs which insure the maintenance of the optimum level of fluoride for maximum dental benefits in all fluoridated community and school water systems;
- Recommendations on equipment and treatment processes;
- Preparation and distribution of educational and research material relating to dental disease prevention and water fluoridation; and
- Promotional activities consonant with the federal government's commitment to improved health through prevention.

For these reasons, we strongly recommend that funding for this important activity be continued at current levels.

Mr. Chairman, this completes our formal presentation. The American Dental Association and the American Association of Dental Schools appreciate having the opportunity to address the subcommittee on fiscal year 1983 appropriations for HHS. I would be happy to respond to any questions which the subcommittee might have.

STATEMENTS OF AREA HEALTH EDUCATION CENTERS

I AM CLARK JONES, ASSOCIATE DIRECTOR OF THE CALIFORNIA AREA HEALTH EDUCATION CENTER SYSTEM. WITH ME TODAY ARE DR. ROBERT TRANQUADA, CHANCELLOR/DEAN, UNIVERSITY OF MASSACHUSETTS/ WORCHESTER, DR. EUGENE MAYER, DIRECTOR OF THE NORTH CAROLINA AHEC PROGRAM AND MR. KENNETH PROEFROCK, CHAIRMAN OF THE STATEWIDE ADVISORY BOARD OF THE OHIO PROJECT. WE APPRECIATE THIS OPPORTUNITY TO TESTIFY IN BEHALF OF ALL OF THE 20 AHEC PROJECTS.

THE FIRST GENERATION OF 11 AHEC PROJECTS WHICH STARTED IN 1972 DEMONSTRATED THE SUCCESS OF THIS FEDERAL, STATE, LOCAL PARTNERSHIP IN CAUSING THE DISTRIBUTION OF HEALTH PROFESSIONALS INTO AREAS WHICH WERE PREVIOUSLY DENIED ADEQUATE ACCESS TO HEALTH CARE. REPEATED EVALUATIONS TESTIFY TO THE EFFECTIVENESS OF THE AHEC PROGRAM IN MEETING NATIONAL HEALTH MANPOWER GOALS. AMONG THESE ARE:

THE 1978 REPORT OF THE U.S. HOUSE OF REPRESENTATIVES APPROPRIATIONS SUBCOMMITTEE ON HEALTH.

THE 1978 REPORT OF THE U.S. GOVERNMENT ACCOUNTING OFFICE.

THE 1976 AND 1978 REPORTS OF THE CARNEGIE COUNCIL.

THE 1980 REPORT TO THE CONGRESS BY THE SECRETARY OF HEALTH, EDUCATION AND WELFARE.

THE CONGRESS ALSO RECOGNIZED THIS RECORD OF ACHIEVEMENT IN 1976 BY PROVIDING NEW AUTHORIZATION UNDER PL 94-484. A NEW GENERATION AHEC OF 11 PROJECTS STARTED DURING THE 1977-79 PERIOD HAS EXTENDED THE PROGRAM TO OTHER AREAS OF GREAT NEED

AS BROAD FEDERAL SUPPORT FOR HEALTH PROFESSIONS EDUCATION DECLINES, WE URGE THAT THE CONGRESS CONSIDER THE BENEFITS TO BE DERIVED FROM THE RELATIVELY MODEST INVESTMENT REQUIRED TO FOCUS THE RESOURCES OF STATES AND COMMUNITIES ON MEETING THE GOALS OF HEALTH PROFESSIONAL DISTRIBUTION. WE BELIEVE THAT $19 MILLION IS REQUIRED TO CONTINUE TO SUPPORT THE CURRENT PROJECTS INCLUDING MODEST AWARDS TO OLDER PROJECTS UNDER THE PROVISIONS OF THE CURRENT AUTHORITY. WE ALSO URGE THAT PROVISION BE MADE FOR NEW STARTS AT THE EARLIEST FEASIBLE DATE. IT IS CLEAR TO US THAT FUNDING AT THE LEVEL CURRENTLY PROPOSED BY THE ADMINISTRATION WILL RESULT IN DISCONTINUATION OF MAJOR PROTIONS OF THE PROGRAM. THE STATES AND LOCAL COMMUNITIES ALREADY ARE MAKING MAJOR CONTRIBUTIONS

TO THESE PROGRAMS WHICH WE EXPECT TO BE SUSTAINED, BUT THEY COULD NOT OFFSET THE REDUCTION IN FUNDING WHICH CURRENTLY IS PROJECTED

THE PROJECT WHICH I REPRESENT INVOLVES ALL OF THE SCHOOLS OF MEDICINE IN CALIFORNIA INCLUDING THE NEW CHARLES R. DREW POSTGRADUATE SCHOOL OF MEDICINE IN WATTS, THE FIVE UNIVERSITY OF CALIFORNIA SCHOOLS, STANFORD, USC AND LOMA LINDA UNIVERSITY. THEIR EFFORTS ARE TARGETED TOWARD THE NEARLY 3 MILLION CALIFORNIANS WHO LIVE IN AREAS DESIGNATED BY THE FEDERAL GOVERAL GOVERNMENT AS PRIMARY CARE MANPOWER SHORTAGE AREAS. OUR SCHOOLS JOINED IN THIS EFFORT AFTER OBSERVING THE REMARKABLE SUCCESS OF A SMALL PROJECT IN THE CENTRAL VALLEY. THAT PROJECT CONTINUES WITHOUT FEDERAL FUNDING, HAVING REVERSED THE STEADY DECLINE IN PHYSICIAN POPULATION AND HAVING PUT IN PLACE THE NEW TRAINING PROGRAMS TO SUSTAIN THAT REGION IN THE FUTURE. THE NEW STATEWIDE PROGRAM, IN ITS THIRD YEAR ALREADY HAS DEVELOPED A RANGE OF NEW NURSING, DENTISTRY AND PHARMACY PROGRAMS, SOME OF WHICH ALREADY ARE TRANSFERRED TO PERMANENT FUNDING SOURCES. TWO NEW MEDICAL RESIDENCY PROGRAMS ARE SCHEDULED TO START NEXT YEAR IN CENTRAL LOS ANGELES AND IN OAKLAND. OTHERS ARE EXPANDING OR EXTENDING TRAINING INTO UNDERSERVED AREAS. THE MAIN GOAL IS REDISTRIBUTION RATHER THAN INCREASING SUPPLY AND TO THAT END WE SOON WILL HAVE SOME 2000 THIRD AND 4TH YEAR STUDENT ROTATIONS INTO UNDERSERVED AREAS UNDER AHEC SPONSORSHIP COUPLED WITH AN INTENSIVE MINORITY RECRUITMENT PROGRAM, THIS STRATEGY CAN MEET THE GOAL OF IMPROVING HEALTH PROFESSIONS DISTRIBUTION

I WILL BE FOLLOWED BY CHANCELLOR TRANQUADA OF MASSACHUSETTS.

My name is Robert Tranquada. I am the Chancellor/Dean of the University of Massachusetts Medical Center, which is the Medical School campus of the University of Massachusetts located in Worcester.

I am most pleased to be invited to provide testimony to you this afternoon on the Area Health Education Center (AHEC) Program in our Commonwealth. Prior to coming to Massachusetts in 1979, I was very familiar with the Program in California since at that time I was ___ _____________________. Consequently, I was especially pleased when I arrived at UMass to learn that our School was the prime contractor for the Massachusetts Statewide AHEC Program.

The AHEC Program in Massachusetts, I should add, is a partnership effort among three medical schools (Tufts University School of Medicine, Boston University School of Medicine and my own school), ten other health professions schools and programs of these universities and the community. This university-community partnership is characterized best by the fact that we have developed six area health education centers covering the Commonwealth. These centers are important because they have allowed us to decentralize much of our educational program directly into the community, and they help us in supporting those practitioners already in the community. In addition, the centers, with their boards of directors, advisory committees and planning task forces, have helped our universities better understand the needs of our cities and towns and, in this regard, they are "keeping us honest."

Massachusetts needs the AHEC Program. When I arrived in Massachusetts in 1979, I was struck by several facts:

- 60% of the family doctors in the state were over 60 years of age;
- all or part of sixty cities and towns are considered underserved by federal standards;
- much of the residency training in the state emphasized subspecialty education;
- many of our citizens who live in urban areas do not have access to medical care.

It was obvious to me that location of a medical school or teaching hospital in one's city does not necessarily mean health care is accessible to those living in the area, particularly to minorities and poor people.

Consequently, one of the major efforts by the AHEC Program in Massachusetts has been to transplant much of the medical education of our students and residents into the communities that need physicians. With the assistance of the AHEC Program, both UMass/Worcester and Boston University medical schools have developed off campus training experiences which account for more than 10% of the clinical training of medical students in their third and fourth years of medical school. These experiences range from working in a number of the community health centers in Boston to working side by side with private practitioners in western Massachusetts. In addition, with the assistance of the AHEC Program we have been able to modify our medical school curricula to provide more time for ambulatory, primary care instruction.

We believe that the major efforts of AHEC to place medical students and residents into off campus training situations, which emphasize primary care and family medicine, along with the requirement of our own medical school to accept only Massachusetts residents, will result in our cities and towns and public service institutions, e.g., schools for the retarded, having an adequate number and distribution of physicians for the future.

Massachusetts has 191 hospitals, many of which are teaching hospitals or specialty hospitals. We have noticed over the past several years an alarming trend which for us has come to be called a "nursing crisis." Our hospitals and many of our community health agencies do not have an adequate number or appropriate types of trained nurses to support their efforts. A recent Massachusetts Hospital Association survey found that, as of 1979, there were 2,500 nurse vacancies in Massachusetts hospitals, and predicted 11,000 vacancies by 1985. The problem is a complex one, which cannot be analyzed in my brief time before you. However, I want to assure you that the AHEC Program in Massachusetts has been actively working throughout the Commonwealth to both define the problem and to develop solutions at the regional level and at the State level. Some of our accomplishments to date include:

1) Developing a career ladder between associate degree (two year) nursing programs and baccalaureate programs.
2) Establishing a system of continuing nursing education programs throughout the Commonwealth to support practicing nurses. In the past two years 1,828 nurses participated in AHEC sponsored CE programs.
3) Building into two and four year nursing program curricula preceptorships and other clinical education programs to help nurses make the transition into practice.
4) Developing new or expanded education programs at the nurse practitioner level, associate degree level and the masters level.

What is also encouraging in this regard is that AHEC has brought together our educational institutions and our service institutions to talk to one another and plan for remedying the nursing shortage problem.

It is my belief that, for our state, the 80s and 90s will clearly test us in solving the nursing crisis in Massachusetts. I am encouraged that we can because the federally supported AHEC Program has given us the ability and the resources to meet this challenge.

What we have begun is a complex process which is working, and which involves the commitment of many institutions and communities within our Commonwealth. It is well on its way, but it needs your continued support. I urge you to continue your assistance.

Thank you.

Thank you for the privilege of appearing before you today on behalf of the AHEC programs. I represent the Ohio Statewide AHEC, one of the new generation programs funded in 1978 and now in our operational year. There were eleven projects in this new generation of programs started since 1977. The Kansas program has chosen to continue some AHEC type activities without federal support. The ten remaining projects are at varied levels of development and operation. They include:

California, Massachusetts and Ohio -
multi-institutional statewide projects
Connecticut, New Jersey -
urban AHEC's
University of Pittsburgh, Eastern Virginia, Maryland -
combined urban and rural AHEC's
Colorado, South Dakota -
rural AHEC's.

We are here to request your support to maintain these current efforts designed to effect the distribution and retention of physicians, nurses and other health professionals in rural and inner city communities which do not currently have adequate numbers or appropriate levels of health care providers.

A recent study by the Robert Wood Johnson Foundation indicates that "simply increasing the number of doctors in America is not enough", there remains a structurally underserved population subject to geographic, cultural and other barriers. The AHEC program is designed to overcome some of these barriers through educational interventions for medical and dental students, residents, nurses, pharmacy students and others.

Secondly, the program is designed to address problems of overspecialization of health professionals by fostering changes in the pattern of education and the educational environment. These remote site rural and urban training experiences in medically underserved areas have proven to be an effective way to attract new health professionals to these same areas for their practice location. At the same time, an adequate network of educational support services and opportunities is a significant factor in the retention of both existing and new providers.

The programs offer a broad range of educational services intended to build on existing community resources and to encourage recruitment of area students, including minorities, rural, and the unemployed for participation in health professions and to increase the applicant pool for specifically needed health professions.

A brief summary of the accomplishments of the AHEC projects is included with this statement for your review. It demonstrates both the unifying purpose among AHEC projects to decentralize educational and training experiences away from the Health Science Centers and at the same time provide a variety of support activities designed to meet the needs of a specific area or population.

Twenty percent of the nation's medical schools now participate in the second generation AHEC programs. The three largest statewide programs combine the resources of nineteen medical schools, numerous other health professions schools and programs to provide educational services in twenty AHEC centers in both urban and rural settings.

A new focus of the second generation programs is on urban underserved populations. Several distinctly designed approaches are currently being demonstrated in the inner city areas of Newark and Camden, New Jersey; Hartford, Connecticut; Watts in Los Angeles; Hampton and Newport News in Virginia and Cleveland, Ohio. Even at this developmental level programs have shown that the AHEC concept can bridge cultural and economic barriers of long-standing and often succeed where others have failed. The long-term effect is yet to be determined, but certainly deserves continued support and encouragement.

Many of the newer programs also represent the more traditional rural and non-metropolitan type of AHECs. Outstanding examples of rural projects can be seen in the sparsely populated areas of Colorado, the Sacramento Valley in California, the Appalachian regions of Ohio and the rural areas of South Dakota. Here continuing education for health care practitioners plays an important role in the AHEC project including teleconferencing and provision of library services and learning resources where little or nothing was previously available.

Many projects combine unique working relationships between the university center and the outreach program such as the Universities of Pittsburgh and Maryland with special emphasis on primary care, geriatric medicine, dental externships, and programs for National Health Service Corps Assignees.

The multi-institutional programs in Massachusetts, California and Ohio are pioneering new concepts in cooperation among our schools of higher education and the communities they serve. It is estimated that over forty percent of all medical students in these states are receiving AHEC rotations this year ranging in length from one week rural preceptorship to a two-month clinical clerkship in a health center.

I would be remiss in not bringing to your attention the state and local resources which are currently increasing in support for the AHEC programs. Several state legislatures have or are designating funds for continued AHEC support; local communities and AHEC clinical facilities provide numerous resources in the form of volunteer faculty, teaching facilities and equipment. In addition, countless hours of time are donated by both providers and consumers on AHEC corporate and advisory boards and, last, but not least, the outstanding support by many dedicated university and medical school faculties, deans and administrators.

Today we are asking your support for a continued level of funding at $19 million each year for fiscal years 1983 and 1984. This is the same amount approved by your committee for the 1982 fiscal year. This level of funding will maintain the AHEC programs through the completion of their developmental and operational phases. It would also provide for new starts in 1984 when the current programs will begin to decrease their requests for federal support.

C. Kenneth Proefrock
Past Chairman, Ohio Statewide AHEC Advisory Board

Second Generation AHEC Projects
(Funded 1977 - present)

CALIFORNIA

California Statewide Project funded in 1979.

According to Federal studies, 2.7 million Californians reside in primary health care shortage areas. These areas of need vary from semipopulated rural areas, such as the Sacramento Valley, to the barrios and ghettos of Los Angeles and Oakland.

All of the medical schools in California are organized through the AHEC program to solve the persistant problem of non-distribution of health professionals. These schools include the five University of California schools, Stanford University, the University of Southern California, Loma Linda University, and the Charles R. Drew post-graduate school of medicine in the Watts area of Los Angeles. The State of California, schools of other health professions and dozens of local agencies also cooperate in this effort.

Accomplishments: (1981-82)

- The project will be entering its third year in October, 1982. During that year medical student rotations for some 2,000 third and fourth year students will be sponsored by the AHEC project. This will be the equivalent of about 200 full time students being trained in clinical settings within the target areas.

- Approximately 30 primary care residency programs also will be involved in the project. Two new residency programs are scheduled to be started under AHEC sponsorship in 1982/83 and others have expanded enrollment, started rotations into underserved areas or otherwise directed efforts to improve the distribution of their graduates.

- More than 100 new residency positions are planned but the major emphasis is on influencing the choice of practice settings among students enrolled in exisitng programs.

- New programs in nursing, dentistry, pharmacy, health education and nutrition are also underway. Minority recruitment and health professions opportunity programs are a major part of the statewide strategy to improve physician distribution.

- The California Medical Association and other professional groups support this program, recognizing that its efforts are targeted to the underserved areas in populations in the state.

COLORADO

The University of Colorado Health Sciences Center and four regional AHECs work in partnership to improve the professional health environment of rural communities, and to expose Colorado students in the health and allied health professions to rural practice and living.

Centennial AHEC serves 9 northeastern counties from Greeley, Southeastern Colorado, AHEC serves 15 counties from Pueblo, San Luis Valley AHEC serves 6 counties from Alamosa, and Western Colorado AHEC serves 21 counties from Grand Jucntion.

Accomplishments (1981-82):

- Medical, dental pharmacy, and nursing students, and students in allied health fields such as dental hygiene and assisting, child health associates, medical technology, physical therapy and health administration are exposed to practice in rural areas by studying under health professionals practicing in the counties served by AHECs. Student rotations have risen from 282 in 1978 to over 400 expected through 1981.

- Nearly 10,000 enrollments in Continuing Education courses at AHEC sites in the past three years, with 5,000 of those in 1981 alone.

- A complete medical library and an extensive collection of audio-visual materials are available from the center through each AHEC, providing rural health staffs with current research information, specialized tests, and reference material.

- Rural health professionals have the benefit of consultation with specialists, significantly reducing the health professional's feeling of isolation. Specialists are available to travel to the rural site for first-hand consultation.

CONNECTICUT

The University of Connecticut Area Health Education Center Program is administered through the University's School of Medicine. The program focuses on urban medically underserved areas in Hartford. Training programs are carried out through agreements with the Schools of Medicine, Dentistry, Nursing, Allied Health, Pharmacy and College of Agriculture.

Accomplishments (1981-82):

- Developed primary care track for undergraduate medical students which provides opportunities in both required and elective clerkships for over 350 students to develop a first-hand understanding of the impact of cultural, ethnic, environmental and community factors on health.

- Supports development and implementation of a required primary care clerkship drawing on AHEC community based resources in a multi-cultural, predominately low income service environment.

- Provides key supporting resources to a Family Medicine Residency Program which trains between 20-25 graduate medical students per year. Residents have an opportunity to interact with AHEC resources in a range of community based settings.

- Maintains contractual relationship with six health professional training programs within the University of Connecticut including the Schools of Medicine, Dentistry, Nursing, Allied Health, Pharmacy and College of Agriculture (the Department of Nutritional Sciences). In addition, the AHEC contracts for services with community-based agencies to provide resources for Health Professions student training in health education.

- Conducted continuing education programs for health professional and para-professionals in ambulatory care settings.

- Maintains a minority development and recruitment program which draws on faculty, health professions students and community agencies to provide an articulated program of admissions, retention; support activities within the Hartford Public School System and the University of Connecticut undergraduate programs and graduate Health Professional Training Programs.

- Worked with local hospitals to utilize AHEC resources in attracting and retaining minority house staff.

- Collaborates with multi-purpose arthritis center to develop outreach programs in the community.

- Works with key resources in the black and hispanic communities to develop curriculum modules in student training, continuing education and health education training.

KANSAS

The Western Kansas Rural AHEC program was initiated in northwest Kansas in July, 1979 under the auspices of the National AHEC program. In July, 1981, it was integrated into the statewide network of regional centers directed and coordinated by the University of Kansas Division of Health Care Outreach & Continuing Education. The AHECs are now supported entirely by state appropriations, by fees generated through educational services and by local contributions.

Accomplishments (1981-82):

- 935 physicians attended 50 AHEC-sponsored CME programs conducted by University of Kansas faculty and regional physicians in 25-30 different communities of northwest and southeast Kansas.

- 3,049 nurses and other health professionals attended 129 AHEC-sponsored continuing nursing education programs in 35 communities in northwest and southeast Kansas.

- 325 allied health personnel attended seven AHEC programs that were specifically designed to meet their needs.

- 150 programs in 20 different locations that were attended by over 4,400 community-based health professionals were conducted by the south central Kansas Outreach Office.

- Each University of Kansas School of Medicine medical student now serves two months of clinical medicine under the supervision of a community physician, most in predominatly rural areas of Kansas. AHEC also coordinates rural health experiences for other health professions students.

- University-directed, health professions placement program and a locum tenens program for community physicians allows doctors who seek time away from their practices to employ university-based, medical residents as substitutes.

- Approximately 100 invididuals attended four programs in northwest and southeast Kansas in consumer directed educational programs. Twice that number have already attended programs in FY82.

MARYLAND

The Maryland Statewide Medical Education and Training System is an AHEC Program which is a cooperative effort among the University of Maryland Schools of Dentistry, Law, Medicine, Nursing, Pharmacy, and Social Work and Community Planning. This group has approved the formation of three AHECs as non-profit public incorporated entities and the continued planning of the Eastern Shore Program.

Accomplishments (1981-82):

- Students from the Schools of Medicine, Dentistry, Nursing, Pharmacy, Social Work and Community Planning and Law are participating in the educational programs established by the two urban (Baltimore City and Geriatric) and one rural (Cumberland) centers and their selected sites.
- A residency program in primary care medicine is fully operational in the Baltimore City AHEC Program.
- Dental School students in their senior year are participating in the programs of all established centers.
- Initiation of additional primary care training activities in the urban and geriatric centers;
- Establishment of additional continuing education opportunities for practitioners residing in the center areas;
- Continued coordination and participation in health education needs assessment;

MASSACHUSETTS

The Massachusetts Statewide Area Health Education Center Program is a partnership effort among three medical schools (University of Massachusetts Medical School/ Worcester, Boston University School of Medicine, and Tufts University School of Medicine), ten other health professions schools and programs and six regional AHECs located in underserved areas.

Accomplishments (1981-82):

- Twenty-eight primary care preceptorships in rural and urban AHEC sites throughout Massachusetts
- One hundred-twenty hospital-based medical student rotations in AHEC areas.
- Training of fifty-nine primary care medical residents in neighborhood health centers and rural clinics.
- Sixteen undergraduate dental externships in neighborhood health centers, nursing homes and dental clinics.
- Twenty nursing student preceptorships in AHEC sites; twenty-four undergraduate nursing student positions; a new primary care nurse practitioner program to graduate sixteen nurse practitioners each year; and an articulation program among different levels of nursing to facilitate career mobility for practicing nurses
- Seventeen AHEC site rotations for allied health students in physical and occupational therapy, speech and hearing pathology and health education
- One hundred sixty-three continuing education programs in AHEC areas throughout Massachusetts, attended by 3,868 participants for a total of 28,553 contact hours. About half of all AHEC sponsored continuing education was provided for registered nurses.
- Health career counseling and tutorial services to one hundred fifty minority students in inner city areas

NEW JERSEY

The New Jersey AHEC, which became operational on October 1, 1980, deals with the complicated health care delivery and manpower problems focused on the depressed, urban inner city of Camden, with Camden County as the overall target area. The State of New Jersey is beginning two additional AHECs in the other seven counties which will become operational in 1982.

Educational programing includes undergraduate and postgraduate Allopathic and Osteopathic education; undergraduate and graduate dental education; Allied health, social work and health care management education; Nursing Education; and educational support services.

Accomplishments (1981-82):

- 357 students are in formal educational programs and 2,463 participants in continuing and other educational programs.
- All undergraduate osteopathic medical students spent over 12% of their clinical instruction in urban preceptor sites and in the three Family Practice Centers in the inner city of Camden.
- Students from eleven (11) schools now rotate through the urban Camden area for preceptorships and formal educational programs.
- 861 students will rotate through the region in 1983-84 for formal educational programs, and 4,465 participants will be involved in continuing and other educational programs.
- Student placements now occur in a county health department, four major hospital systems, school systems, ambulatory care center, over 30 preceptor offices, and over 20 community health agencies.
- In the first operational year, thirteen (13) new formal educational programs were begun by the AHEC, and over forty-five (45) various continuing education programs provided for various health professionals.

OHIO

The Ohio Statewide AHEC Program brings together the resources of seven medical schools, and the Ohio Board of Regents, and sixteen schools of Dentistry, Nursing, Allied Health and Pharmacy to provide health professions training through ten AHEC Centers in six Health Education Regions covering the entire state including 88 counties and seven major metropolitan areas.

Participating Medical schools include: Medical College of Ohio, Case Western Reserve University, Northeastern Ohio Universities College of Medicine, Wright State University, Ohio State University, Ohio University, University of Cincinnati.

Accomplishments (1981-82):

- Provide AHEC Center clinical training rotations for 1,459 individual medical students during this operational year. This represents about 43% of all current medical students in training in the state. A total of almost 7,000 student weeks of training are provided statewide through AHEC centers.
- 116 Dental Students and 129 Allied Health and Pharmacy students receive training in the ten AHEC centers.
- 447 baccalaureate nursing sutdents and 47 associate degree nursing students were trained in AHEC sites.
- Over 5,000 individuals attended 144 continuing education programs for physicians, nurses and allied health personnel during the program year to date.
- 12 Nurse Practitioners and 13 Family Medicine Residents are being trained in two of the regions to meet statewide program requirements. The state of Ohio through its primary care and family practice subsidy support an additional 1751 primary care residents in training at the seven medical schools.

PENNSYLVANIA

The University of Pittsburgh AHEC Program operates two Centers (Southwestern Pennsylvania AHEC and Lake Area Health Education Center) which serve the health manpower needs of a 21 county area in Western Pennsylvania.

Accomplishments (1981-82):

- Undergraduate medical education in primary care includes approximately 290 first, second, and fourth year students per year participating in classroom instruction using primary care practitioners as faculty, and community primary care observational experiences, preceptorships and clerkships.
- Clinical training for 66 fourth year dental students per year at four extramural sites serving: urban and rural underserved population groups - limited income, emotionally disturbed, mentally retarded, aged. During the last few years

approximately 75 percent of the students electing externships at community sites have established offices in areas considered to be underserved.

- Development of a two-year advanced nursing curriculum leading to a BSN, for residents of three rural counties.
- A clinical pharmacy clerkship for 8 senior pharmacy students annually at an urban health center.
- Clinical training for 15 physician assistant students annually at family practice and component sites.
- A patient simulation teaching program teaches basic communication skills in a creative format to family practice residents and medical, pharmacy, and nurse practitioner students.
- A family practice residency program offering services to a network of six residencies in the area including faculty development, community experience, on-site medical specialty consultation and teaching and clinical experience at the health center.
- A program for ten NHSC assignees placed at seven underserved sites, including individualized needs assessments, identification of resources, preceptorships, workshops and on-site primary care meetings.
- A centralized continuing education information service which solicts and enters CE programs for providers into a computer and sends this computerized CE information to health personnel in western Pennsylvania.
- Training programs in health and nutrition education for nurses and stress management for health-care personnel for approximately 850 participants in seven outlying counties.
- Eighty-three programs held in northwestern Pennsylvania for these disciplines - dentistry, nursing, health services administration, social work, nutrition/dietetics, office personnel - with a total attendance of 4,190.
- Two community hospitals offered refresher courses to assist approximately 30 inactive registered professional nurses reenter the field of contemporary practice.

SOUTH DAKOTA

The University of South Dakota School of Medicine Rural AHEC Program supports a Program Office at the School of Medicine in Vermillion and three AHECs/Centers headquartered in Pierre, Sioux Falls, and Yankton. Each AHEC/Center is a private, non-profit organization which has been primarily formed to conduct health educational activities.

Accomplishments (1981-82):

- Undergraduate medical, nursing, and allied health students received clinical training within the three rural AHEC service areas. During the 1981-82 academic year 62,800 student hours of undergraduate clinical medical training or 31% of all undergraduate medical clinical education taken by students of the USD community based School of Medicine were conducted within the three rural AHEC service areas. An additional 94,800 student hours or 46% of all clinical undergraduate medical instruction was taught within the city of Sioux Falls. Approximately one-half of all physicians in South Dakota served as preceptors for medical education.
- The three AHECs conducted over 200 continuing medical and health education programs which were attended by over 5,000 participants. The AHEC Program assisted the School of Medicine in establishing a statewide teleconferencing network for the delivery of medical and health educational programs to remote isolated areas.
- A slide-tape presentation on health careers for use by secondary education students was prepared and presented to school guidance counselors at five regional health career seminars. Five public health service announcements on health career opportunities were developed and televised with the result of over 130 requests from potential students for further information. The AHECs cosponsored two community health fairs and represented the School of Medicine at a third health fair. The AHEC Program and the School of Medicine cosponsored the third annual Town/Doctor Fair in Vermillion which was attended by representatives from more than 30 communities.

- Statewide physician and nursing supply and demand needs assessments were completed during 1981-82. Through an affiliation agreement between the University of South Dakota and University of North Dakota Schools of Medicine, South Dakota students received their didactic training in North Dakota and their preceptorship training in South Dakota leading to certification as a nurse practitioner or physician assistant.

- A four hour management training seminar, a one and one-half day medical symposium, and a one and one-half day mental health symposium were arranged by the AHEC Program for all National Health Service Corps assignees practicing in South Dakota.

- The AHEC Program was instrumental in developing a coordinated learning resource system through the publication and dissemination of a library learning resource catalog of audio-visual materials available for loan in the state, through support of MEDLINE and interlibrary loan services for practicing health professionals, through maintenance of health resource libraries at the Yankton and Pierre AHECs, and through the development of a local consortium of medical libraries within the Pierre AHEC.

- The Sioux Falls AHEC and the Sioux Falls Family Practice Residency Program developed a program of mutual support and cooperation.

EASTERN VIRGINIA

Eastern Virginia AHEC is a combined rural-urban program, involving three AHEc centers. The Western Tidewater AHEC unites the medical and educational resources from the institution with four rural counties and the Isle of White. The urban peninsula AHEC combines the resources with inner-city health needs in Hampton and Newport News, and the Northern AHEC, incorporated in April, is developing health science programs to meet the needs of the large urban underserved area in Norfolk. Eastern Virginia Medical School carries out the program in conjunction with the Medical College of Virginia, Hampton Institute, Norfolk State University, and Old Dominion University.

Accomplishments: (1981-82)

- Coordinated the expansion of clinical settings for students from five health science institutions and over a dozen training programs at the hospitals, health departments, clinics, and private offices in medically underserved areas, amounting to 29 training courses from affiliated institutions, involving 816 students in 8,005 clinical weeks of training.

- Initiated year-round clinical rotations in rural Western Tidewater for Family Medicine residents who until AHECs establishment, had remained at medical school affiliated teaching hospitals, creating for the first time, the ability for residents to gain experience and exposure at a rural-based hospital.

- Trained 40 medical students in teaching techniques and methodologies to enable these medical students to present to classes of 8th grade students in inner-city school systems, the positive aspects of developing and maintaining healthy life styles and coping with teenage problems as they relate to the use and abuse of tobacco, alcohol and drugs.

- Assisted with the development of 24 continuing education courses for physicians, nurses, allied health, and other health-related practitioners, involving 617 participants and 2,931 hours.

- Encourage and developed recruitment programs for health careers and primary health care; and eight health awareness programs for 4,866 high school and intermediate students in five rural communities (where minority enrollment runs as high as 50%).

- Created a library/learning resource system: specifically developed an audio visual union list and an information and referral file of audio visual material for health professionals and community organizations. Activities to date: 135 computer searches, 183 inter-library loan transactions, the circulation of 87 audio visual programs, and a consultation which resulted in securing grant funds for an urban medical library to up-date its facility.

- Instrumental in recruiting new physicians (of prime importance is the fact that several were NHSC physicians who will go into private practice) in each of the areas of rural Western Tidewater; has provided a medical school faculty member to address the problems of practice management; has linked with every NHSC site in Eastern Virginia by assisting with the recruitment and placement of four physicians and one pharmacist in these medically underserved areas.

- Responding to the need to provide clinical training for dentistry students addressing health care for physically and mentally handicapped, the AHEC dental program has developed clinical training sites that will provide annually rotations for 60% of all graduating dental students.
- Developed faculty development courses to enhance and provide the AHEC physician preceptors with role-model teaching techniques to use in the family practice offices while student trainees are receiving their clinical experiences.

STATEMENT OF THE NATIONAL CONGRESS FOR COMMUNITY ECONOMIC DEVELOPMENT

Mr. Chairman, the National Congress for Community Economic Development (NCCED), is submitting written testimony in support of appropriations for the Community Services Block Grant (CSBG) and the Secretary's Discretionary Fund. We recommend the figure established in last year's budget reconciliation process of $380 million for the CSBG, of which $35 million should be targeted toward the Secretary's Discretionary Fund.

NCCED is a national membership association of over 70 community-based economic development organizations, primarily community development corporations (CDCs), which engage in the economic revitalization of distressed communities through business development, physical development, and employment development.

We are grateful for the support that you and other members of the Senate Appropriations Labor-HHS Subcommittee and the full Senate Appropriations Committee provided for the 1982 funding level of the Community Services Block Grant ($348.4 million) and the Secretary's Discretionary Fund in 1982 ($31.3 million). NCCED is interested particularly in the Secretary's Discretionary Fund, which provides project funds to programs of regional and national significance, e.g., community economic development, rural housing, community facilities, and migrant and seasonal farmworkers. The interest and support that the bi-partisan House and Senate generated for the Secretary's Discretionary Fund was instrumental in Secretary Schweiker's decision to allocate the full amount from the Community Services Block Grant (CSBG) for the Secretary's Discretionary Fund.

The demonstrated need for continuing to set aside full funding for the Discretionary Fund is compelling. Programs and development activities supported by the Secretary's Discretionary Fund, can be targeted to the revitalization of some of the most economically distressed communities and can pay dividends beyond limited federal support. Such communities are characterized by enormous unemployment and underemployment, lack of capital and business formation, inadequate public and social services, abandoned housing and antiquated or non-existent physical infrastructure. In most of these communities, government grants have been unable to solve the social and economic problems, and the resources of the private sector are too limited and the risks too high to invest in these communities. The last decade has seen the formation of a series of self-help organizations, e.g., Community Development Corporations (CDCs), self-help housing organizations, farmworker organizations, and others that have been created by local area residents to lead in the development of their own communities. Such groups have successfully attracted and supported new business enterprises that have created jobs for local residents in commercial, industrial and housing rehabilitation activities.

The cornerstone in initiating the revitalization of distressed communities is the implementing of development projects based on sound planning and business expertise. These projects require the concerted effort of the public sector in partnership with the private sector, and the community. The ability to finance these projects from local resources, e.g., local government and corporations and businesses, is nearly impossible because of the limited capital resources. There is a documented need therefore for a small, but catalytic federal resource, as represented by the Secretary's Discretionary Fund, to stimulate the revitalization of these communities.

It is true that $31 million dollars alone cannot solve all the economic problems of low-income communities, but the funds can be utilized and leveraged efficiently to harness additional public and private funds toward development projects. Monies from the Secretary's Discretionary Fund, which is in its first year of operation, will only be awarded to CDCs and other organizations that raise a match of at least two to one in non-HHS sources. It is estimated that HHS will award between 75 to 100 grants and leverage a minimum of $60 million in private and other public resources.

The $31 million available in the Discretionary Fund represents a vast reduction in funds from previous years. Many of the categories in the Discretionary Fund were funded previously by the Community Services Administration (CSA). CSA funds in 1981 for community economic development, rural housing, migrant seasonal farmworkers, and other related projects totalled over $70 million. The $31 million in the Discretionary Fund in 1982 represents a reduction of over 60 percent from 1981 levels. Community economic development received $49.3 million in 1981, and House Appropriations Committee recommended $18.81 million, a 60 percent reduction. Therefore, any further reduction in the Secretary's Discretionary Fund in 1983 below the $31 million level will have the effect of emasculating the impact of the fund in financing significant development projects.

Since HHS has not yet awarded any grants from the Discretionary Fund, we cannot determine the impact of the projects to be funded. However, we think it is important to provide some previous examples of how CDCs utilized investment funds from the community economic development program at the Community Services Administration to revitalize their communities.

CDCs operate in some of the most distressed areas in the United States including: Bedford-Stuyvesant, Harlem, and the South Bronx in New York City; Hough in Cleveland; Union Sarah in St. Louis; Oakland; Northern New Mexico; Southeastern Kentucky, the poorest area in Appalachia; Rural Alaska and the Navaho Reservation, to name a few.

- Union Sarah Economic Development Corporation (USEDC), a CDC located in St. Louis was involved in the acquisition, renovation and leasing of a historic building in the central west end of St. Louis. The building was vacant, and it had over 147,000 square feet of space for office and commercial uses. USEDC using $750,000 of Community Services Administration (CSA) funds was able to leverage an additional $2,700,000 from the Economic Development Administration (EDA) to be used in the purchase and renovation of the structure. USEDC retained the services of a professional leasing firm in June of 1980 and as of May 1982, 80 percent of the building's space has been leased. Among the tenants now occupying the building are a bank, an accounting firm, a legal aid firm, a U.S. postal office, and a Government Services Administration (GSA) office, all of which hold 10 to 15 year leases. When 85 percent of the building is leased, USEDC will generate revenues exceeding $350,000 above expenses, and in ten years the building will have a property tax assessment of $83,333 annually and an economic value of over $3.5 million.

- Impact Seven, Inc. serves a six county rural area in northwestern Wisconsin characterized by lack of jobs and basic development institutions. Impact Seven invested $120,000 in subordinated debentures with two entrepreneurs, who each invested over $200,000 to establish the Franklin Signal Company, a manufacturer of electronic security devices. Impact Seven also received a grant of $400,000 from the Community Services Administration to construct the building for Franklin Signal. Franklin Signal, which started in April 1977, currently employs 110 individuals and had 1980 sales in excess of $3,870,000. They have developed a nationwide market. They are also gradually purchasing the building from Impact Seven.

- The Northern Community Investment Corporation (NCIC) serves a six county area in northern Vermont and New Hampshire. One of NCIC's projects illustrates how CDCs use a combination of public and private resources to generate investment and jobs. Lisbon, NH, is a small town dependent on the shoe industry. Much of this industry, however, was controlled by national firms that have closed their operations, leaving the town in economic depression.

Working with the management team from one of the shoe companies that had left the Lisbon area, NCIC drafted a financial investment to open a new company. The management team invested $330,000, NCIC invested $800,000 in equity and debt capital from a Community Services Administration grant, and banks have loaned $1.8 million. NCIC was also able to arrange loan guarantees from the Small Business Administration and the Farmers Home Administration to back parts of the package. Connors Footwear firm now employes 170 and has become profitable after only one year.

o The Bedford Stuyvesant Restoration Corporation (BSRC) serves the largest black community in New York. Over half of the 350,000 residents of the community subsist below the federal poverty line. The CDC has invested in and assisted ventures to create and save over 3,300 jobs. As an example, BSRC was able to convince IBM to open a branch plant in Bedford-Stuyvesant and identify an unused building for conversion. After the plant proved profitable, IBM decided to build its own facility in the community, but needed a clear site. BSRC learned that a school planned for vacant property would not be built because of declining enrollments. The CDC explained the situation to the community and generated support to use the land for IBM's new plant. This plant now employs 400 people of whom 85% are black and 70% are community residents. Absentee rates are comparable with other IBM plants.

o The Home Education and Livelihood Program (HELP) of Albuquerque, New Mexico, a statewide rural community-based development organization, utilized a $10,000 housing grant from the Community Services Administration via Siete Del Norte CDC and funds from the Ford Foundation to implement a 250-unit rural elderly-handicapped housing project. The CSA originated funds had a catalytic effect by enabling HELP to leverage $6.5 million from HUD for construction of the project. CSA dollars were used for initial organizational costs. The 250 units are located at four sites throughout the state: Espanola; Socorro; Carlsbad; and Truth and Consequences.

While most of the testimony has focused on the justification of the Secretary's Discretionary Fund, we would like to offer some legislative suggestions that will strengthen Congressional intention of appropriating funds for this program. The suggestions include:

(1) Specify in the appropriations report language that the Secretary of HHS is to disburse the Discretionary Funds on a quarterly basis. We are recommending that 25 percent be disbursed by the end of the first quarter, 50 percent by the end of the second quarter, 75 percent by the end of the third quarter, and 100 percent by the end of the fiscal year. As of this testimony, HHS has not disbursed any funds for the Secretary's Discretionary in 1982, seven months after the beginning of the 1982 fiscal year.

(2) Specify in the report language that the Discretionary Fund can be utilized for providing administrative and technical assistance grants to eligible organizations. Currently, the Discretionary Fund grants can only be utilized for costs related to projects. Community-based economic development is a complicated process requiring skill in evaluating new ventures, identifying and arranging financing, implementing development plans and providing technical assistance. Those CDCs which have been most successful in business development, physical development and employment development have had a sound administrative structure and capable staff. Unless CDCs can maintain a core administration they will have difficulty implementing and monitoring new projects.

(3) While we applaud the inclusion of funds for training and technical assistance to States in implementing the block grant program we question the appropriateness of using limited Discretionary Program resources for this purpose. We would recommend that the funds designated for this purpose be over and above the nine percent set aside for discretionary programs.

Our recommendations are oriented toward ensuring that the scarce dollars in the Secretary's Discretionary Fund create maximum benefit in distressed areas.

To our knowledge, the Secretary's Discretionary Fund is the only nationally focused mechanism that provides direct grants that encourage private investment and generate economic and employment opportunities in the severely distressed communities. Its unique nature coupled with the capability of the community-based development organizations makes it an invaluable resource in encouraging and directly supporting public and private investment opportunities in distressed communities.

In closing Mr. Chairman, we want to thank you again for allowing us to submit written testimony and we want to reiterate our recommendation that the Senate Appropriations Labor HHS Subcommittee fund the Community Services Block Grant (CSBG) at $389 million of which $35 million be set aside for the Secretary's Discretionary Fund.

STATEMENT OF CHARLES F. BARLOW, M.D., PROFESSOR OF NEUROLOGY, HARVARD MEDICAL SCHOOL

The Nature and Scope of the Problem

Mental retardation is not a disease but is rather a behavioral and social problem associated with over 200 etiologic conditions. Its biological causes include genetic conditions, accidents of development of metabolic mechanisms, brain damage resulting from toxic agents or physical trauma, and adverse environmental circumstances, including extreme poverty, undernutrition, and absence or inadequacy of psychological and social stimulation. Behavioral manifestations are concentrated in the area of learning. Whatever the degree of impairment, some learning and development are possible in every case.

It is estimated that there are at least 6,600,000 retarded persons in the United States today--1 million less than the prevalence rate of 1970, a difference that represents enormous progress both in the scientific and social sense. If one assumes that each retarded person has two parents, one sibling, and one surviving grandparent, then 33 million persons in the American population are touched directly by the problem . Roughly one out of every seven persons in the United States is either a mentally retarded person or a member of such a person's immediate family.

Taking the tiny minority of retarded persons who reside in public residential institutions, the annual cost for 130,000 such persons (a decline from 210,000) is about $3.5 billion, based on the average annual cost of $25,000 per person. Educating a retarded child in the public schools costs six times more than the education of a nonretarded child. Add the cost of maintaining community-based residences for retarded persons, sheltered workshops, medicaid, medicare, supplemental security income, and the variety of special programs that must be supported in order to provide even minimally acceptable services, and it is clear to see that we face a public cost at all levels of government that exceeds the total annual budget of some departments of the federal government. Such estimates do not count the lost wages and taxes that are the result of the incapacity of retarded persons, nor do they make any attempt to take into account the accompanying human suffering. The compelling conclusion is that the cost of providing even minimal services to America's mentally retarded citizens is so staggering that the only reasonable course is to exert every effort to prevent mental retardation--which is the primary goal of the mental retardation research centers. The secondary goal is to raise the functional levels of mentally retarded persons, thus reducing both the human suffering and the economic costs of their disability.

Public Law 88-164

The 88th Congress enacted the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, providing in part for the establishment of a network of mental retardation research centers, now numbering 12, and university affiliated clinical training and service facilities, now called UAFs and numbering over 40. Most of these centers came into being in the late 1960s and early 1970s, with a commitment to a 20-year program of research and training in the form of matching funds for construction grants, assured staffing in the form of tenured faculty positions in universities, and supporting programs in research and training. The expectation of participating universities was that the federal government would continue to provide funding at an adequate level throughout that 20-year period and perhaps beyond; otherwise universities would be left "holding the bag," having made long-term commitments of scarce dollars and other resources. Nevertheless, recognizing the undesirability of continued reliance on a federal agency for support, these universities have steadily reduced their budgetary reliance on the the National Institute of Child Health and Human Development. For example, in 1971 the center that I direct at Vanderbilt University was dependent on NICHD for over 80 percent of its annual budget; with a budget slightly larger today, that figure has been reduced to approximately 38 percent, with the difference being made up by state government, private foundations, and other federal agencies. Thus, the universities have honored their commitments to the federal government and have honored their national trust by keeping faith with the more than 6,000,000 mentally retarded citizens and their families.

The research centers and the training facilities represent a unitary national program that is effective, efficient, and functional. The research centers constitute the knowledge generating end of a continuum that begins with basic research on fundamental questions of human development and continues through research applied specifically to the problems of mentally retardation, and finally is sent out to the states through the networks of UAFs to be translated into training and service programs. The relationship between the research wing and the service and training wing of this national program is so integral and sensible that few dollars are lost in the translation from research to implementation. Now that network is threatened both by inadequate funding to NICHD and inadequate funding of the UAFs through the Maternal Child Health provisions and the Developmental Disabilities Act. Further, it has become difficult to follow the funding of the mental retardation research centers by examining the federal budget, because they were removed from special item status four or five years ago and merged into a general budget item called "Centers" that includes the mental retardation research centers, population research centers, and major research programs, making it extremely difficult to determine whether the will of the 88th Congress and subsequent Congresses is being carried out with respect to the mental retardation research centers. To remedy these situations we are requesting the following:

1. We support the budget requests of the National Institute of Child Health and Human Development within the general National Institute of Health request. NICHD is a good and natural home for the national program in mental retardation research, and it both needs and deserves to have financial resources necessary to carry out its mission in mental retardation research.

2. We ask that this committee, in its report language, convey to the director of the National Institutes of Health its wish that the mental retardation research

centers be restored to special item status in the NICHD budget, showing specifically in that budget the funds allocated to core support of these mental retardation research centers.

3. We ask that the sum of $8,500,000 be appropriated specifically for core support of the mental retardation research centers for fiscal year 1983, within the NICHD budget for the Center for Research for Mothers and Children. In constant 1972 dollars, that sum would still be only 68 percent of the 1972 level of core funding for these mental retardation research centers, with an average core support award to the 12 centers in FY 83 of $332,916, including indirect costs, as opposed to an average award of $488,000 in 1972, both expressed in 1972 dollars. We are not seeking restoration of the 1972 levels, or even of the funding levels of three of four years ago, but instead we are seeking a reduction of only 32 percent from the 1972 level.

4. We support and urge continued funding of University Affiliated Facilities through the Maternal and Child Health bloc grant and the Developmental Disabilities appropriation. We ask that $7,500,000 be designated for UAFs in the Developmental Disabilities appropriation. Further, since up to 15 percent of the Maternal and Child Health bloc grant may be set aside for projects of regional and national significance, we ask that the full 15 percent actually be set aside, and that among those projects the UAFs be given highest priority.

Recent Advances from the Mental Retardation Research Centers

I shall give you just a small sample of additions to knowledge about mental retardation that have come from the research centers in the last year. Each of these advances can be expected to lead to further knowledge that in turn will help to reduce the incidence or prevalence of mental retardation, or to reduce the severity of its behavioral consequences.

Speech and Language Disorders in Children with Sex Chromosome Abnormalities. The relationship of certain chromosome abnormalities to intelligence and other aspects of behavior has been recognized for a number of years. Sex chromosomes (X for female and Y for male) are of particular interest in this regard and lend themselves to specific analysis of behavioral correlation. This analysis provides a superb opportunity for biomedical and behavioral collaboration in research.

A. Beginning in the early 1970s a team of geneticists and behavioral scientists began a survey of approximately 14,000 newborn males tested for duplication or double dose of male and female chromosomal material. About 20 "double dose" infants were identified and the long-term followup has now reached a stage at which certain conclusions can be drawn. Double dose of the X (female) chromosome in males (i.e., XXY) is associated with an almost invariable significant delay in speech development and also with school learning disability. This observation is of considerable theoretical interest but it also suggests that early speech therapy and special educational intervention is indicated before these children establish failure patterns in school.

B. Technological developments in cytogenetics have led to an unsuspected abnormality of the X (female) chromosome which is referred to as "the fragile X." It is now apparent that this abnormality is second in frequency to Down's syndrome as a chromosome-identified mental retardation syndrome, and in addition to mental retardation in boys who carry this defect, there may be a slight intellectual handicap in some girls who are carriers of the trait. This lead is being followed up in several of the centers in order to define the exact frequency of fragile X in mentally retarded persons, to refine information to allow accurate genetic counseling, and to refine methods of prenatal diagnosis as well as to investigate the more fundamental question of the relationship of behavioral and intellectual traits to this fragile locus on the X chromosome.

Prematurity. Pediatricians have been extraordinarily successful over the past decade in managing the respiratory problems of premature infants, but this success has highlighted the neurological problems in survivors. Premature infants are very susceptible to intracranial bleeding, which is a leading cause of death, hydrocephalus in survivors, and other neurological consequences of a less specific nature. In systematic followup of premature infants, two centers have detected a high incidence (approximately 40%) of babies who have delayed speech development, and these preliminary observations require further analysis with regard to long-term consequences and the possibility of early intervention. Such studies will clearly require both biomedical and behavioral participation, a requirement for which the centers are particularly adapted.

Glucose Monitoring and the Prevention of Mental Retardation. Hypoglycemia can exist in newborns who have no clinical signs or symptoms of this condition until irreversible brain damage has occurred. A simple, accurate, rapid, and cheap method to measure blood glucose could have significant effects in the prevention of mental retardation in newborns. Dr. Leland Clark, using the principle he pioneered in the development of his Clark transcutaneous oxygen electrode, is well on the way to developing a similar probe for glucose measurement. A byproduct of Clark's effort is a small, implantable glucose sensor that can eventually be used to drive an insulin metering device. This will produce a mechanism for continuous fine tuning of a consistent (physiologic) blood glucose in patients with diabetes mellitus. Many authorities believe that the increased incidence of malformed infants of diabetic mothers can be reduced by better blood glucose control of pregnant diabetics.

Decreased Birth Weight in Infants of Alcoholic Women who Abstained during Pregnancy. New research in the center that first described fetal alcohol syndrome continues to define the circumstances under which alcohol consumption by mothers may have developmentally retarding effects on their children. Fifty infants born to women who reported total abstinence during pregnancy but who had a history of alcoholism prior to conception were compared to 50 infants born to alcoholic women who reported drinking heavily during pregnancy, and to 50 infants of nonalcoholic controls. Mean birth weight of infants born to the abstinent alcoholics was 258 gm less than mean birth weight of the control infants; infants of drinking alcoholics weighed 493 gm less than the control infants (differences were statistically significant after adjusting for maternal smoking, height, age, and parity, as well as gestational age and sex of the child). This finding suggests that a history of maternal alcoholism may pose a risk to fetal growth over and above that associated with alcohol use during pregnancy.

Cognitive Education of Educable Retarded Adolescents. In one of the centers an experimental program of cognitive education (teaching the formal processes of thought, reasoning, and problem solving) has been going on for about 4 years. Classes of educable mentally retarded adolescents (among other classes) are receiving this supplemental instruction. This group was chosen because adolescence has been regarded as too late a stage for the development of basic cognitive processes, and because any improvement in the ability of mildly mentally retarded children and adolescents would be most welcome, since they rarely attain academic achievement levels above fourth grade. After one year the retarded adolescents had gained about six IQ points more than the control classes had, but had not improved differentially in academic achievement. After two years, the cognitive education classes had roughly doubled their previous IQ gain, moving many of the students above the traditional line (IQ 70) for the definition of mental retardation, while no such gains were observed in the control classes. Students who received cognitive education showed some gains, although not consistent, across areas of academic achievement. Investigators found that students who had been given cognitive education had developed more productive and effective approaches to learning and problem solving, tended to be systematic and planful in their behavior, and were more enthusiastic about school.

Prevention of Psychosocial Retardation. In another center, groups of children are defined as "sociologically high risk" on the basis of carefully evaluated factors, e.g., family poverty, low levels of parental education, low parental IQ. In such groups, it is a well-established observation that IQs decline with increasing chronological age. Investigators have succeeded in offsetting that expected decline by providing programs of preschool education, often beginning in infancy and including parents and other family members. Followup studies show that children in families that have received this program develop at a more nearly normal rate than is true in families in which such a program is not applied. Thus, there is further evidence that early education programs can offset many of the psychosocially retarding effects of poverty and relatively unstimulating early environments.

These recent developments suggest that the fruits of even these few studies will more than pay for the total national investment in mental retardation research, first by preventing biological conditions associated with mental retardation, and second by enhancing the psychological and social development of children who are already mentally retarded. My colleagues can continue to supply the new knowledge required to make further inroads on the national problem of mental retardation and to reduce its cost in both economic and human terms. But we can do so only if you will stop the steady decline in research support that has characterized the last three or four years and will begin to reverse that trend. We are not asking you to accomplish a reversal of support in one year but only that you provide 68 percent of the core support for the centers that we enjoyed ten years ago by:

A. Granting the budget request of the National Institute of Child Health and Human Development within the National Institutes of Health request;

B. Restoring the Mental Retardation Research Centers to "speical item" status in the NIH budget;

C. Appropriating the sum of $8,500,000 for core support of the Mental Retardation Research Centers for fiscal year 1983, within the NICHD budget for the Center for Research for Mothers and Children;

D. Continuing funding the University Affiliated Facilities (UAFs) through the Maternal and Child Health block grant and Developmental Disabilities appropriations.

SUMMARY AND RECOMMENDATIONS

The mental retardation research centers and the university affiliated clinical training and service facilities (UAFs) represent a unitary national program that is effective, efficient, and functional. The mental retardation research centers constitute the knowledge generating end of a continuum that begins with basic research on fundamental questions of human development and continues through research applied specifically to the problems of mental retardation, and finally is sent out to the states through the networks of UAFs to be translated into training and service programs. The relationship between the research wing and the service and training wing of this national program is so integral and sensible that few dollars are lost in the translation from research to implementation. Now that network is threatened both by inadequate funding to NICHD and inadequate funding of the UAFs through the Maternal Child Health provisions and the Developmental Disabilities Act. Further, it has become difficult to follow the funding of the mental retardation research centers by examining the federal budget, because they were removed from special item status four or five years ago and merged into a general budget item called "Centers" that includes the mental retardation research centers, population research centers, and major research programs, making it extremely difficult to determine whether the will of the 88th Congress and subsequent Congresses is being carried out with respect to the mental retardation research centers. To remedy these situations we are requesting the following:

1. We support the budget requests of the National Institute of Child Health and Human Development within the general National Institute of Health request. NICHD is a good and natural home for the national program in mental retardation research, and it both needs and deserves to have financial resources necessary to carry out its mission in mental retardation research.

2. We ask that this committee, in its report language, convey to the director of the National Institues of Health its wish that the mental retardation research centers be restored to special item status in the NICHD budget, showing specifically in that budget the funds allocated to core support of these mental retardation research centers.

3. We ask that the sum of $8,500,000 be appropriated specifically for core support of the mental retardation research centers for fiscal year 1983, within the NICHD budget for the Center for Research for Mothers and Children. In constant 1972 dollars, that sum would still be only 68 percent of the 1972 level of core funding for these mental retardation research centers, with an average core support award to the 12 centers in FY 83 of $332,916, including indirect costs, as opposed to an average award of $488,000 in 1972, both expressed in 1972 dollars. We are not seeking restoration of the 1972 levels, or even of the funding levels of three or four years ago, but instead we are seeking a reduction of only 32 percent from the 1972 level.

4. We support and urge continued funding of University Affiliated Facilities through the Maternal and Child Health bloc grant and the Developmental Disabilities appropriation. We ask that $7,500,000 be designated for UAFs in the Developmental Disabilities appropriation. Further, since up to 15 percent of the Maternal and Child Health bloc grant may be set aside for projects of regional and national significance, we ask that the full 15 percent actually be set aside, and that among those projects the UAFs be given the highest priority.

---

[1] From testimony to the Subcommittee on Labor, Health, and Human Services and Related Agencies of the House Appropriations Committee (William H. Natcher, Chairman) on behalf of the 12 national Mental Retardation Research Centers, the American Association on Mental Deficiency, the American Academy on Mental Retardation, and the Division on Mental Retardation of the American Psychological Association. Presented by H. Carl Haywood, PhD, Director, John F. Kennedy Center for Research on Education and Human Development, Vanderbilt University; Chairman, Mental Retardation Research Center Directors and Administrators; Past-President, American Association on Mental Deficiency.

STATEMENT OF THE MEDICARE ADMINISTRATION COMMITTEE, HEALTH INSURANCE ASSOCIATION OF AMERICA

Inadequate Funding is Damaging the Administration of Medicare

For more than fifteen years, Medicare has served as a model for the way this nation should solve complex public problems. Unfortunately, the successful working relationship formed between the Federal Government and the private insurance companies[1/] to administer the Medicare Program is now being jeopardized by funding cuts forced on the carriers and intermediaries by the Office of Management and Budget. The funding levels for Medicare's contractors in 1982 and 1983 are so inadequate that the companies are being forced to give up highly trained professionals and some of the essential tools needed to adequately supervise the billions of dollars in annual program payouts for which contractors are responsible. The ability of the companies to continue to provide a reasonable level of service to beneficiaries is so threatened that their private reputation for high levels of performance is being put in jeopardy. This is a situation which cannot continue.

This paper is intended to alert you to the impending crisis in Medicare administration and to provide you with background information to help put this issue into its proper perspective. It is presented on behalf of the eleven member companies of the Health Insurance Association of America[2/] who, with the Blue Cross and Blue Shield Plans, have served as Medicare carriers/intermediaries since the inception of the Medicare Program.

Insurance Companies Provide Efficient Administration

Total Medicare payments to hospitals, doctors, and other providers will approximate $50 billion in 1982. Medicare payouts have increased by nearly 20% each year since FY 1980 and claim an ever increasing share of the entire Federal budget. Private insurance companies serving as intermediaries and carriers have the program responsibility for paying these claims efficiently and must assure that claims on the Trust Fund are legitimate, appropriate, and reasonable. This they have done on a no-profit, no-loss basis since the special relationship for Medicare administration was formed in 1966.

[1/] All references to insurance companies in this paper are intended to include the Blue Cross and Blue Shield Plans which also serve the Program as carriers and intermediaries.

[2/] Aetna Life & Casualty, Connecticut General Life Insurance Company, Equitable Life Assurance Society of the United States, General American Life Insurance Company, Metropolitan Life Insurance Company, Mutual of Omaha Insurance Company, Nationwide Mutual Insurance Company, Transamerica Occidental Life Insurance Company, Pan-American Life Insurance Company, Prudential Insurance Company of America, Travelers Insurance Company

The Health Care Financing Administration reimburses the contractors for their costs in performing this function. Today, these administrative costs represent less than 1.7% of the cost of the entire Medicare Program. Only ten years ago the costs associated with administering the program were 3.4% of the total benefits.

In order to appreciate the true significance of this reduction in administrative costs, one must recall, that during this period, general inflation increased 117% and workload volume grew by more than 296.8%.

Workload volumes increases relate to the aging of the population, increases in the number of eligible providers, and the addition of new benefits to the program.

In ten years, the private contractors reduced the per-claim cost to Medicare from $3.94 in 1974 to $3.22 in 1982. This was brought about despite the huge workload and inflation increases cited above.

These remarkable results were achieved through productivity improvements in contractor operations for the most part initiated by the private insurance companies in conjunction with HCFA. These results serve to reinforce the wisdom of harnessing the experience and the efficiency of the private insurance industry to further the purposes of the Federal Government in providing health care coverage for the nation's elderly.

Crisis Begins With 1981 Budget

The funding shortfall in the Medicare-contractor budgets now threatening the program can be traced back to FY 1980. For the level of activities performed by carriers and intermediaries in FY 1980, they received $614 million. During that year, the workload volume increased 10.4 percent; and general inflation increased the cost of labor, supplies, and general expenses by another 11.5 percent. Despite increased costs to contractors of this magnitude, the Office of Management and Budget limited the '81 budget to $684 million. In effect, contractors in 1981 were ordered to carry out 1980-level activities with a budget that simply ignored half of their increased costs.

Productivity increases due to management efficiencies and contractor performance improvements might have made it possible to absorb a good deal of this shortfall in normal years. However, in 1981 the Health Care Financing Administration imposed on contractors several new activities which served to drastically reduce short-term productivity. Although well intentioned, these programs did little to improve program management while they adversely affected contractor productivity.

In addition to these costly new initiatives from HCFA, the Omnibus Budget Reconciliation Act of 1980 required carriers and intermediaries to develop procedures for managing several new benefits.

By mid-year 1981, HCFA became well aware of the fact that the FY 1981 contractor budget was seriously under-funded.

In a fact sheet designed to instruct companies on the acceptable way of explaining this problem to the public, HCFA reported the following:

> The Health Care Financing Administration's appropriation from Congress for the administrative expenses of the Medicare contractors for FY 1981 (the year ending September 30, 1981) is $694,384,000 ($10 million is retained in contingency fund). *This appropriated amount is insufficient to meet the currently projected costs of administrative operations for the fiscal year because of cost increases not anticipated at the time of the original budget request in January 1980.* The unanticipated cost increases include: increase in the Medicare claims workloads, increases in the inflation rate for nonpersonnel costs, and the costs of implementation of the Omnibus Reconciliation Act. (P.L. 96-499, enacted December 5, 1980). (Intermediary letter 31-18, August, 1981, HCFA. (Emphasis added).

Budget for FY 1981 Compounds Problem

HCFA submitted a Medicare contractors' budget for FY 1982 of $769 million. This would have been an increase of 12.4 percent over 1981 despite inflation and workload increases of 21.43 percent. However, OMB slashed this recommendation to Congress to $704 million.

In a report to the Under Secretary of HHS, HCFA Administrator Dr. Carolyne Davis provided her view of the situation.

> Both our staff and the Medicare insurance contractors have been deeply concerned over this budget situation for FY 1982. I directed a complete review of all the elements in the budget for FY 1982 with a view toward living within the $704 million level. *My conclusion was that this was not possible without serious compromises of cost controlling efforts, particularly financial audits of hospitals and other providers and medical review to detect overutilization of services.* To cut these functions to the level required would have resulted in significantly increased Medicare benefit payments and could have created a situation in which our stewardship of funds was called into question.

In considering appropriations for FY 1982, the House and Senate Appropriations Committees initially approved a compromise $725 million budget which, at OMB insistence was further reduced in the 1982 Continuing Resolution to $691 million (plus a $20 million contingency fund contolled by OMB).

If the contractors actually get the $691 million for 1982, which even now is very much in doubt, this will mean an *increase over two years of only one percent*.

In effect, OMB is forcing contractors to absorb in 1982, without a single new dollar, a 21.4 percent increase in workload volume and inflation, as well as huge new costs stemming from increased medical care review activities due to the proposed phase-out of PSRO's, another postage increase ($2.4 million), 1981 Budget Reconciliation Act provisions ($2.6 million), and several data-processing system procurements.

The Proposed Budget For 1983 Is Not Realistic

The President's proposed Budget for FY 1983 contains a request of $684 million for the Medicare contracting function -- the same level as was expended in 1981, two fiscal years ago. This figure ignores an inflation rate of 9 percent and workload increase of 11.4 percent. A proposal which holds Medicare administrative expenses at the same level for three consecutive years is completely unrealistic, given the present economic environment.

Adjustments to Program Operations Produce Limited Savings

In response to the first drastic budget reductions in 1981, HCFA and representatives of the private insurance companies began coordinated efforts to find ways to absorb the shortfalls and minimize the negative impact on overall program dollars as well as on beneficiaries. On May 6, 1981, HCFA relaxed its national standards for evaluating contractor performance to accomodate minor reductions in operations (Intermediary Letter 81-13/81-14). Other policy and procedure instructions were modified to help reduce contractors' costs and some additional savings were achieved by not implementing certain worthwhile program-enhancements that could be delayed.

The magnitude of the further cuts proposed in FY 1982, even taking into account program adjustments to reduce contractor burdens, is simply too great for contractors to once again absorb uncontrollable increases in costs. Massive reductions in provider audits, provider education, and other contractor functions ordered by HCFA to meet 1982 budget limits will mean reduced beneficiary and provider services, fewer institutional audits and reduced utilization review.

Medical and Utilization Review Should Not Be Cut

The mandated cutbacks in provider-audit, provider-relations and utilization-review are sufficiently harmful to the program to warrant further elaboration of this point.

Public benefit programs such as Medicare are inherently vulnerable to abuse. The type of Medicare fraud and abuse uncovered most often by efficient audit and claims review techniques include prescribing care or supplies in excess of generally acceptable norms, charging for services not actually performed, inflating charges, billing patients for disallowed charges, and performing medically unnecessary services.

Medicare is vulnerable to these abuses because of the large volume of claims processed by the program and by the fact that contractors must primarily rely on the information submitted by the providers of service.

Post-payment analysis of claims is commonly used by the contractors to monitor and correct such abuses. Carriers monitor computer-generated programs compiled from statistics on Medicare claims to compare individual providers with "norms" established by peer groupings. The system identifies those providers who exceed the norms in any area, which then triggers closer manual review or audit.

When program abuse is detected, it is the contractor's responsibility to take corrective action. This may range from educational contacts with the provider, special utilization review prior to payment, and/or assessments for over payments. Such activity when done efficiently and fairly by trained carrier and intermediary personnel, has a significant deterrent effect on overutilization in a given area.

Experience has shown that post-payment and utilization review functions performed by the typical contractor produce returns many times greater than the amount spent in performing special reviews.

Budget cutbacks implemented by contractors in order to meet 1982 funding levels forced a reduction by fifty percent in utilization review and seventy percent in provider-relations activities. Since this means fewer providers will be identified for special payment screening, reimbursements will be generated for services which may not be necessary.

As providers become aware of the curtailment in monitoring by the intermediary or carrier, the door is opened to those who choose to abuse the system. The potential for unnecessary program losses in this manner is difficult to measure, but years of experience in this field cause contractors to fear the worst.

Provider Relations Should Not Be Cut

Another area where HCFA ordered massive cutbacks (70 percent) in 1982 has been in provider relations. Private health insurance programs have realized for decades the valuable assistance in claims administration that can be provided to companies and claimants by the providers of care. For these reasons, insurance companies retain experienced specialists to work with providers in understanding technical and complicated transactions, carrying out educational programs, describing program requirements and claims-filing techniques, and making policy interpretations. Provider-relations staff often serve as problem-solvers for providers, thereby fostering higher levels of cooperation and mutually supportive attitudes. All of this translates into fewer program errors, more accurate payments, and overall program efficiency.

Contractors Reaction to Lack of Funding

Perhaps the most important purpose of this message is to convey the current attitude of the contractors facing yet another year of inadequate funding. Companies are seriously reviewing at top levels of management whether it is still in their own interest to continue to deal with the headaches of trying to maintain a quality operation in the face of ridiculously low funding limits. Companies are being forced to terminate competent professional staff for reasons they can't support.

Carriers and intermediaries are already beginning to fear that their private corporate reputations in the communities they serve are at risk as a result of mandated cutbacks in Medicare service. Performance levels for which they were once proud cannot be continued within the current budget from HCFA.

It is frankly quite baffling to the insurance industry why the OMB is recommending funding levels to Congress which can only damage the program, recommendations that run counter to the best advice of program experts in HCFA, the Department of Health and Human Services, and the insurance industry.

STATEMENT OF THE MID-HUDSON CHAPTER, THE NATIONAL ALLIANCE FOR THE MENTALLY ILL

All of us have known or loved someone suffering from chronic mental illness. Few of us really grasp its full significance to the individual affected for a lifetime.

The experience itself of auditory hallucinations and delusions in schizophrenia is very frightening and disruptive. "Most of us don't hear strange voices commanding us to do this or that and see things that aren't physically there while awake. We don't invent words and talk in such a way that our friends and relatives can't possibly understand what we are saying or trying to say...but thousands of Americans and people the world over have it as their lot to think and feel and behave in such a way...on the whole we are grateful for being spared a life of hell on earth," Dr. Robert M. Coles, well-known psychiatrist-author, wrote in the introduction to Susan Sheehan's new book.* "Is There No Place on Earth for Me?" is a recurrent question asked by Sylvia Frumkin, a young schizophrenic woman, of brilliant but wasted potential, during her unending ordeal in and out of state hospitals for seventeen years, as she alternated between periods of hallucinations and rationality.

In writing of her brother John, an older brother, who had always been her protector in childhood, author Samantha Grove Johnson describes still other dimensions of the impact of chronic mental illness. "I still know the pain that I felt--that I still feel--and ca only imagine John's to be a hundredfold: the bewilderment, the neglect, the ostracism by society, the rejection by friends and family members. The loss of personal freedom, of self-esteem. And to top it all off, the incredible shock of finding that your mind doesn work properly, that thoughts no longer connect, that you see rabbits on top of someone's head, and from somewhere in your past, you know that's not supposed to happen."*

---

*"Is There No Place on Earth for Me?" Susan Sheehan, 1981.

Dr. Seymour Kety, one of the world's foremost psycho-biologists and Professor of Psychiatry at Harvard Medical School, has called schizophrenia "a major national health problem because it affects people at a young age and ceuses constant or recurrent incapacity for meaningful and productive lives."**

Many have been talented, able and responsible youngsters who undergo some terrible inner change in adolescence or early adulthood, withdraw and become acutely ill, requiring hospitalization. After this, they may have persistent difficulties in functioning at school or work and in making or maintaining relationships. They are fragile and vulnerable to the stresses of life. They try again and again to succeed and some of them do in school or at paid work or volunteer jobs. But many, as they fail repeatedly, lose hope and suffer despair. Deinstitutionalization policies have made some of them homeless; they are the first generation of mentally ill persons to be without the alternative of hospitalization*** since Dorothea Dix's day in 1840. Some are forces off the streets into jails where they are denied urgently needed treatment.

With shattered hopes and dreams, these young people, ill with an illness not of their making, are ignored and rejected by friends, neighbors and society. It's as if they didn't exist. Except for their families, they are forgotten.

Caring families--and there are thousands and thousands--are intimately involved in the suffering and agony of their loved ones. They too have to learn to bear the unbearable. They see the strengths--the tremendous effort, the sensitivity, the loving and loyalty--and they too suffer recurrent heartbreak as things don't work out because of the frailties. Each setback is no easier than the last. Families see the havoc that is wreaked over the years.

Dr. Leonard Stein, Department of Psychiatry, University of Wisconsin, says, "We're in a sense all victims; whether we're professionals, family members or patients, we're all victimized by the terrible illness that the patient has to deal with."

---

* "My Brother John," Samantha Grove Johnson, Ladies Home Journal, January [illegible].

** "The Biological Substrates of Schizophrenia," Seymour S. Kety, M.D., Research in Disorders of the Mind: Progress and Prospects, 1977.

*** "The Young Adult Chronic Patient," Bert Pepper, M.D., Director, Rockland County Mental Health Center and Clinical Professor of Psychiatry, New York University, Hospital and Community Psychiatry, July 1981.

Even with heroic efforts on the part of individuals, their families and professionals, chronicity, relapse, and re-hospitalization often occur.

Why is the outcome so bleak? It's partly because community support services don't exist for the majority of those needing them even though the services which provide continuity of care have been shown to cut national re-hospitalization rates of 70% to as low as 13%. In New York State alone day treatment programs, crisis intervention and case management are unavailable for 60-80% of those who could benefit from them. Unfortunately, national priorities changed in 1981. The possibility that the chronic mentally ill could finally enter the Community of Man with the assistance of a nationwide program of community support services ended when the Mental Health Systems Act "proudly" passed by the Congress in 1980 was abandoned.

Dr. John A. Talbott, nationally prominent clinical psychiatrist and author, who is Professor of Psychiatry at Cornell University Medical College and Associate Medical Director at The Payne Whitney Psychiatric Clinic of New York Hospital, states, "We now understand what sorts of treatment and care provide chronically disabled persons the best chance of living a reasonably decent life. But we have been miserably unsuccessful in trying to implement what we know works--both because of our inability to change professional practices, as well as our inability to convince government and other third parties that it is better and less expensive in the long run to provide good community care and alternatives to expensive hospitalization, such as day hospitals and halfway houses."*

Services that are in place often don't work. Inadequate funding makes for less capable and insufficient staff. Sylvia Frumkin, author Susan Sheehan documented, was sometimes treated by incompetent doctors; her records were falsified; and she suffered abuse. Kindness and consideration, afforded the physically ill in hospitals, are often woefully lacking in psychiatric hospitals.

However, important as good hospital and community care and treatment are to the well-being of persons with chronic mental illness, biomedical psychiatric research into the causes and cures for mental illness is even more basic.

"The recognition of a biological basis for serious mental disorder" is called by Dr. Daniel X. Freedman, past president of the American Psychiatric Association, "one of the greatest achievements in the mental health field in the past quarter century."**

In actuality, it is biological psychiatric research that has contributed the most to solving the problems of mental illness and improving treatment. It has narrowed the scope of mental illness and reduced state hospital populations. Without it, Dr. Nathan Kline, world renowned research psychiatrist and Director of Rockland Research Institute in New York, predicts the rate of increase in resident mental patients would have continued to rise--based on prior growth rates of both chronic hospitalized patients and of the U.S. population--to between 750,000 and one million individuals instead of decreasing from more than 500,000 to less than 120,000 in 1980.*

---

*From Summary, "Research and the Chronic Mentally Ill," written by John A. Talbott, M.D., April 1982, in response to question of the National Alliance for the Mentally Ill as to the importance of research to treatment of the mentally ill.

**Introduction to Biological Aspects of Psychoses, Daniel X. Freedman, M.D., *Research on Disorders of the Mind: Progress and Prospects*, 1977.

Through systematic application of research, it was first possible to find physiological causes for what were thought to be wholly psychological disorders because of their psychological symptoms--paresis and pellagra--making it possible to treat patients with these diseases and discharge them.

The discovery of lithium carbonate for the treatment of manic depression reduced the manic depressed population in hospitals 85-90%, enabling hundreds of thousands of Americans to function productively in their communities and avoid extensive hospitalization. The introduction of psychotropic medication in the 1950s made it possible for some patients with schizophrenia to leave the hospitals although it didn't empty them as was first hoped.

According to Dr. Talbott, "Medication has allowed many of the chronically or episodically ill to resume normal lives (for instance, those suffering from primary affective disorders who are responsive to lithium); allowed others the opportunity of joining the mainstream of American life, albeit with sizeable residual disability, usually in their ability to work, conduct everyday affairs, and socialize with others (for instance, those schizophrenics whose acute symptoms are responsive to medication); but has not "cured" any illness and not affected many chronic schizophrenics unresponsive to current medications...."

"As someone who has been concerned for the last 15 years with studying some of the problems of the severely and chronically mentally ill," Dr. Talbott said, "I am convinced that true de-institutionalization of this population will only be achieved as it was with tuberculosis victims, through research. And such research efforts must be comprehensive, include basic and applied research, and be targeted toward our most ill and deserving. To do less will be to continue our policy of benign neglect, and relegate otherwise productive citizens to not much better than the overcrowded warehouses of the last century and wretched poorhouses of the previous one."

According to Dr. Kline, "Psychopharmacology is in large part responsible for enabling thousands of former mental patients to exist outside a hospital environment...

---

*Letter from Dr. Line to Mid-Hudson Chapter, National Alliance for the Mentally Ill, in response to equestion as to the role of research in improving treatment of the mentally ill, April 19, 1982.

However, "the etiology of schizophrenia and of manic-depressive illness is not known, even though medication can control symptoms sufficiently to allow patients to return to the community". He predicts that once progress is made in research (into causes) and "into developing drugs with long-time effectiveness and minimal side effects and methods of rehabilitation of individuals with symptoms of long duration evolve, we may expect further reductions in the numbers of patients whose conditions become chronic; more of them will be able to lead meaningful lives outside hospitals and fewer personnel will be required to supervise them".

Families are very concerned about the disabling side effects of existing medications for schizophrenia which can be as serious as the primary illness. Young patients may have irreversible neurological symptoms and older ones tardive dyskenesia.

The costs of mental illness are high not only to individuals but to their families and society. Families have always been the major support of their family members as they should be; some 70% of patients who leave psychiatric hospitals return home. Families demonstrate daily a continuing commitment to their care and support. They bear an immense financial burden for care and treatment and often live in a state of constant stress.

Mental illness is the number one cause of hospital admission and mentally ill persons account for more days of inpatient care than those with any other illness. Schizophrenia accounts for more than half the number of beds for mental illness and hospitalizes more patients than cancer, heart, disbetes, and arthritis combined.[*] Cost of care and treatment of the chronic mentally ill is estimated at over $20 billion annually and estimates of the annual loss in productivity are from $40 to $65 billion.

With the desperate need on the part of so many for relief from suffering, the economic costs so high, and outstanding professionals urging that research efforts be expanded, why is so little being done to develop an effective treatment for the 2.1 million Americans--and millions the world over--in all classes, ethnic, and national groups who suffer from schizophrenia?

Because of a lack of adequate funding. Although national research funding has grown dramatically for other serious health problems such as cancer--almost $1 billion--and heart disease--$579 million--funds commensurate with the level of problems associated with mental illness have never been allocated.

Of twelve health areas that receive federal funding for research, mental health now ranks ninth down the list below: Cancer; Heart, Lung and Blood; Arthritis, Metabolism and Digestive Diseases; General Medical Sciences; Neurological Disorders and Stroke; Allergy and Infectious Disease; Child Health and Human Development; and Environmental Health Sciences.

---

[*] "What You Can Do About Schizophrenia," American Schizophrenia Association.

Unfortunately, there have been no increases in federal funding of mental health research since 1969. Because of inflation this has resulted in considerable erosion of research capacity, seriously jeopardizing the development of new knowledge. Increased stable funding is desperately needed to restore and maintain research capacity, certainly well beyond the $131.5 million finally approved last year--a decrease of $16.5 million from $148 million recommended by the Reagan Administration.

Now is the time to make a real investment in research when so much progress has been made in understanding the brain's functioning. There has been an explosion of knowledge in genetics, neurochemistry, neurophysiology, and immunology. The new brain scanner, PETT III, has shown direct evidence of a connection between brain physiology and the behavior of schizophrenia.

Dr. Kline expresses the hope that "Congress will today realize the critical importance of continuing support of medical and scientific research into some of the most devastating of all human illnesses, which will strike 10% or more of our population during the course of their lifetime." He cites "a two million dollar grant which Congress made thir years ago for research in drug therapy which led to the present revolution in the treatment of mental disorders." Honorable Senators, can you please address this need for increased funding of medical and scientific research into the causes and cures for mental illness? Then our ill children and future generations of children will not spend most of their lives suffering and incapacitated; they will be able to lead useful productive lives as they wish. They will be able to find their "place on earth".

---

19 April, 1982

Mrs. Mildred Starin
President
Mid Hudson Chapter
National Alliance for the Mentally Ill
Mill House
Marlboro, New York 12542

Dear Mrs. Starin:

I welcome the opportunity to give information to your organization about the role of research in improving the diagnosis and treatment of the mentally ill. I hope that you will share this information with the Congress of the United States, since its continuing financial support of medical and scientific research is crucial. Incidentally, the U.S. Congress supported pioneering drug studies at a time when even the medical profession was skeptical of their value. A two million dollar grant which Congress made thirty years ago for research in drug therapy led to the present revolution in the treatment of mental disorders.

The major part of my professional life has been spent working in the challenging field of psychiatric research and as Director of Rockland Research Institute, which I founded in 1952. Since much of my experience has been in the area of psychopharmacology I shall address myself chiefly to what this specialty has contributed to improvement in the care of mental patients. Many of those who are familiar with mental health problems believe that psychopharmacology is in large part responsible for enabling thousands of former mental patients to exist outside a hospital environment. This feat was accomplished by developing and testing a series of pharmaceuticals which are able to control rather effectively the more severe and handicapping symptoms of the two major mental disorders - schizophrenia and the depressive illnesses. The appended graph shows that the mental hospital population has declined from a maximum of more than a half million in 1953 to an estimated figure of less than 120,000 in 1980. If the number of resident mental patients had continued to rise at its established rate, demographers and epidemiologists estimate that we would now have an in-patient group approaching the million mark. You can imagine the savings effected by the loss to in-patient care of almost a million individuals. Psychopharmacologic research is also credited with saving large numbers of patients and their families from the suffering imposed by mental illness and protracted hospitalization, and with enabling many to become productive members of society who are contributors to rather than a drain on the economy.

CAUSE

Nevertheless, there is still an enormous amount of work to be done. The etiology of schizophrenia and of manic-depressive illness is not known, even though medication can control symptoms sufficiently to allow patients to return to the community. However, the methods of administration of drugs currently in use means that many patients discontinue their medication once they are home, and many of the drugs have severely handicapping side effects. Further research is needed to deal with the problems of developing drugs with long-time effectiveness and minimal side effects, and to evolve methods for rehabilitation of individuals with symptoms of long duration. Once progress is made in these areas we may expect further reductions in the numbers of patients whose conditions become chronic and more of them will be able to lead meaningful lives outside hospitals and with fewer personnel required to supervise them.

The scientists who work so diligently on vexing medical problems should have the support of the government which is constitutionally pledged to promote the welfare of its citizens. I sincerely hope that Congress will realize the importance of continuing support of research into some of the most devastating of all human illnesses, which will strike ten percent or more of our population during the course of their lifetime.

Sincerely yours,

Nathan S. Kline, M.D.
Director

STATEMENT OF ELEANOR KOHN, GOVERNMENT AFFAIRS COMMITTEE, NATIONAL MENTAL HEALTH ASSOCIATION

This statement is submitted on behalf of the National Mental Health Association (NMHA), a nationwide, voluntary non-governmental organization dedicated to the promotion of mental health, the prevention of mental illness and the improved care and treatment of the mentally ill. NMHA's 850 local chapters and statewide divisions and its more than one million citizen members and volunteers work towards these goals through a wide range of activities in social action, education, advocacy and information.

NMHA was appalled by the extent of the FY1982 budget cuts in mental health programs, particularly mental health services and research. In FY1983, NMHA believes some restoration of parts of these substantial cuts are essential to ensure progress in treating mentally ill persons and preventing mental illness.

MENTAL HEALTH SERVICES: The FY1983 budget proposes funding for the Alcohol, Drug Abuse and Mental Health (A/D/M) Block Grant at the same low level approved for FY1982 -- $432 million, only $206 million of which would be available for mental health services. This is fully $90 million less than the amount available for community mental health services in

FY1980, and $236 million less than the amount authorized under the now-repealed Mental Health Systems Act.

These reductions in Federal community care services can be expected to have a severe impact on the availability of community care for the mentally ill. From a spot-survey of community mental health centers, a tragically common theme is preparation for increased utilization of institutionalization of seriously mentally ill children and long term mentally disabled adults. For example, a North Carolina community center reports having to sharply curtail its support program for chronically mentally ill persons now living -- with substantial help -- in the community. Ironically, the annual budget of the center's program, which utilizes a high proportion of volunteers, is $40,000, a figure which approximates the annual per-patient cost of many state mental hospitals. The center estimates that as many as 19 individuals may end up in an institution within months of their program cut-back.

Reports from throughout the country describe a massive cumulative effect on long-term mentally disabled persons from the combination of reductions in mental health service funds and Medicaid restrictions, SSI and SSDI eligibility cut-offs, etc. An Arkansas community mental health center reports that even after raising fees for those clients able to pay for services (and thus posing barriers for many of them) in their current fiscal year they project a loss of $400,000 in Federal and Federal pass through revenues from an annual budget of $2 million. This will result in a reduction of 20% in outpatient service capacity and 10% in day services, both of which are vital as well as economical services for many chronically ill persons. This center finds that long-term mentally ill patients "are suffering from multiple effects of cuts and having a harder time being functional at a minimally acceptable level in the community. Since we are the pivotal source of their stability in the community, through our day services and Community Support Program, we find ourselves spending unusual amounts of time assisting them with things such as SSI cutbacks, Employment Security Division Offices closing and other aid programs being cutback or eliminated in ways that impact them severely."

Another area having serious future implications for untold numbers of families and communities, is prevention. Because such services are not generally revenue-producing, they are often the first to go in periods of budget constraints. A center in northern Kentucky, for example, reports the "The very dangerous outcome is less emphasis on the poor, and cost effective prevention service. These are options that we do not like and try to avoid, but are being pushed more and more in this direction for survival."

The A/D/M Block Grant should be funded at a level of $511 million, which will permit expenditure of approximately $255 million on community mental health care, still substantially less than the FY1980 Federal program expenditures.

In the months since enactment of the new A/D/M Block Grant, The National Institute for Mental Health (NIMH) has received numerous requests for technical assistance from states and communities. These requests have covered such subjects as planning services for severely disturbed children, staffing ratios for community programs, monitoring, training, performance measures, services for the chronically mentally ill, and various other issues. NMHA views the provision of technical assistance, data collection and dissemination as vital Federal responsibilities, without which services delivery and treatment for mentally ill persons will suffer. NMHA therefore strongly urges the Committee to designate $5 million of the A/D/M Block Grant appropriation specifically for technical assistance, to be available upon request to state or local community service providers.

COMMUNITY SUPPORT PROGRAM: It has been estimated that between 2 and 4 million persons in the United States suffer from chronic or long term mental illness. Approximately 900,000 such persons are in hospitals or nursing homes, because of lack of appropriate care in the community, and additional thousands have been discharged into communities which are ill prepared and poorly organized to provide the necessary treatment, rehabilitation and support services.

The modest NIMH demonstration program to assist this population, the Community Support Program (CSP) was launched in 1977, and has funded 19 state projects. Federal funds are used for planning, coordination, technical assistance and related activities, not for direct services. Evaluations of the first 19 projects show that as a result of this Federal investment, significant state and local resources have been allocated for community services for chronically mentally ill persons, and these projects have contributed to a substantial drop in hospitalization for this population (from an average of 65 days per year to less than half that, 32 days per year).

The CSP initiative has attempted to address some of the most difficult and intractable problems related to deinstitutionalization and the planning and development of comprehensive community based services for chronically mentally ill persons. It has been shown to be having an important impact on these problems, yet the Administration requests no funding for the program in FY1983.. NMHA recommends an appropriation of $11 million, sufficient to continue those pilot projects which started in FY1982 and to provide money for some new projects, for technical assistance to states which do not have CSP projects and for research and evaluation.

MENTAL HEALTH RESEARCH: The research budget for NIMH has been seriously eroded over the last 12 years or so with inflation. Although the NIMH budget has increased over that time, when adjusted for inflation there has, in fact, been a steady reduction in the buying power of that money from $92.8 million in 1969 to a comparable figure of $61.2 million (1969 dollars) in FY1981, even though the actual FY1981 appropriation was $144 million. In contrast, research budgets of other institutes in the Federal health research establishment have increased substantially.

Failure to provide mental health research with even sufficient funds to keep up with inflation, coupled with the substantial cuts made in FY1982, has had a serious detrimental effect on mental health research opportunities. In FY1982, because of severe budget reductions, very little new money is available for new awards. In the neurosciences, for example, there is a 66% decrease in funds available for new and competing awards. Many of the unfunded applicants will be undergoing their second year of postponement, a cumulative loss which will mean stagnation and disruption for an entire generation of research in critical research areas.

Some of the projects which are due for renewal in FY1982/FY1983 have long histories of important research findings and many have taken years to develop. Investments in subjects, data, laboratories and investigators are seriously threatened by NIMH's inability to honor its commitment to renewal applications. This is occurring at a time when mental health research is an increasingly exciting field, showing great promise and some very significant new breakthroughs.

Congress should prevent the further erosion of mental health research, and the potential loss of many skilled scientists who have been working in this area by restoring the recent cuts made in mental health research, and providing an increase to compensate for the impact of inflation in recent years. For FY1983 NMHA recommends funding at $180 million, a level approximately equal to the FY1982 request, prior to the recent round of budget cuts.

Congress should also direct the NIMH to continue, at least at a minimal level, basic research in the social and behavioral areas. Limiting all of our research to projects with an immediate and direct application in the field of mental illness is short-sighted. While immediate relevance of research may not be clear, continuing to build a basic body of knowledge is important for all areas of mental health research, including physical, behavioral and social areas.

RESEARCH TRAINING: The proposed reduction of $1 million in research training funds will seriously effect our ability to conduct the crucially necessary research into the causes and treatment of mental illness in the years ahead. According to the press release on the FY1983 budget issued by the Department, "The foundation of the country's biomedical research capacity is an adequate supply of well-trained scientists." Yet the Administration proposes cutting funding for such training.

Instead the NMHA recommends that the research training funds be increased to $30.0 million for FY1983. Mental health researchers and academicians earn significantly less income than their colleagues of the same disciplines in other careers, as was demonstrated by a survey conducted by the General Accounting Office in 1979. Talented and bright potential researchers must be attracted to research careers. Since their incomes are relatively low, it is extremely difficult for these individuals to pay costly tuition and living expenses throughout their training years.

MENTAL HEALTH CLINICAL TRAINING: The Administration proposes to eliminate the NIMH program to train mental health professionals and para-professionals. NMHA opposes the complete and arbitrary elimination of this item given the desperate shortage of trained mental health specialists to work in state institutions, other public and nonprofit community programs, rural and inner city areas, and with special population groups historically disadvantaged with respect to mental health care. In 1980, approximately $15 million was needed to fund the following manpower training programs in NIHM: state manpower development, para-professional training and research and demonstration projects (including funding for innovative projects in the areas of aging, crime and delinquency, metropolitan problems and problems in attracting minorities to the field). These programs are a vital part of the Federal government's role in mental health services delivery, and NMHA strongly urges that they be funded in FY1983 at a very modest level, $15 million which is equal to FY1980 spending. In addition, NMHA urges Congress to appropriate funds for students interested in pursuing careers in mental health so as to assist them with the high cost of their education. Under the Mental Health Systems Act, such stipends require that the student "pay back" this assistance by working in public institutions, CMHCs and other similar programs. Funding students stipends serves a dual purpose of adding to the manpower pool and ensuring that such manpower will be available to the public sector. An additional $10 million should be made available for these purposes.

EDUCATION FOR ALL HANDICAPPED CHILDREN: Emotionally disturbed mentally ill children have been one of the most underserved populations in education programs. The proposed 30% cutback in funding for education programs and the placement of Education for All Handicapped Children Act in a block grant will be a major setback. There would be no legal, targeted authority to assure these children will receive a "free and appropriate education". Many of these children are poor and have no private resources to turn to for services. Without adequate funding for PL94-142, many disadvantaged children, who could become productive and tax-paying adults, will become a drain on society because there will be fewer compensatory special education resources.

OTHER PROGRAMS IMPACTING UPON THE MENTALLY ILL: In addition to the NIMH budget and funding for the Education for All Handicapped Children Act, many other human service programs are extremely important in providing services for the mentally ill. NMHA will not go into detail on these programs, since other witnesses will be addressing them. However, we strongly oppose proposed budget cuts in the following programs, and urge that the Committee appropriate for each the level of funding authorized through the 1980 Omnibus Budget Reconciliation Bill, as shown on the attached table:

- Medicaid;
- Vocational Rehabilitation State Grant Programs, Independent Living and National Institute of Handicapped Research;
- Social Services Block Grant;
- Developmental Disabilities State Grants and Project Grants.

CONCLUSION: NMHA recommendations for FY1983 funding are shown on the attached table. We vehemently oppose efforts to balance the budget on the backs of the mentally ill, and believe that the NIMH programs, in particular, have already been slashed beyond what is responsible and humane.

NATIONAL MENTAL HEALTH ASSOCIATION
1800 North Kent Street, Arlington, Virginia 22209
(703) 528-6405

Recommendations Concerning FY 1983 Appropriations

Program	FY 1981 Actual	FY 1982 Continuing Resolution	FY 1983 President's Request	FY 1983 NMHA Recommendation
NATIONAL INSTITUTE OF MENTAL HEALTH				
Research	$143.1	$134.6	$149.9	$180.0
Research Training	18.9	15.4	14.4	30.0
Demonstrations (Community Support Program)	7.9	5.8	0.0	11.0
Clinical Training	62.4	45.4	0.0	25.0
Program Support	38.2	28.4	31.6	31.6
NIMH Total	$270.5	$229.6	$195.9	$277.6
ALCOHOL, DRUG ABUSE AND MENTAL HEALTH BLOCK GRANT				
	n/a	$432.0	$432.0	$511.0
EDUCATION FOR ALL HANDICAPPED CHILDREN STATE GRANTS				
	$874.5	$931.0	*	$1,018.0
SOCIAL SERVICES				
	$2,991.0	$2,400.0	$1,974.0	$2,450.0
VOCATIONAL REHABILITATION				
State Grants	$854.3	$863.0	$637.0	$943.9
Independent Living	18.0	17.3	0.0	19.4
National Institute of Handicapped Research	29.7	28.6	26.0	35.0
DEVELOPMENTAL DISABILITIES PROGRAMS				
	$ 49.0	$ 49.0	$ 32.0	$ 61.8

*This is included in the President's request for a block grant of $771.685 million for programs which currently totals $1,101.53 million in actual appropriations.

DEPARTMENT OF EDUCATION

STATEMENT OF JOSEPH E. PEYCHAUD, JR., REGIONAL SUPERINTENDENT, ARCHDIOCESE OF NEW ORLEANS

Mr. Chairman, members of the Sub-Committee, I am Joseph E. Peychaud, Jr., Regional Superintendent, Archdiocese of New Orleans. I am accompanied by chief administrators of Catholic Schools from several of the largest dioceses in the country and Mr. Richard E. Duffy, Representative for Federal Assistance Programs.

I thank you for providing me the opportunity to present my views to this sub-committee.

I speak on behalf of the Catholic educationally disadvantaged students who are currently receiving services under Chapter I of the Education Consolidation and Improvement Act of 1981 (ESEA Title I Program) in the Archdiocese of New Orleans. My intent is to offer recommendations from the Catholic School Community in the Archdiocese of New Orleans on the Reagan Administration's proposed budget cuts for Chapter I of the Education Consolidation and Improvement Act of 1981.

Title I has been one of the most significant programs to emerge from the legislation of the 60's in view of the tremendous impact on educationally disadvantaged students in the Archdiocese of New Orleans as well as other Catholic School Communities across the country. In addition, this type of financial assistance for non-public school students has continued to receive bi-partisan support in Congress.

We are indeed concerned about the reduction of the funding level for Chapter I which has occurred during the past years and the proposed reduction for 1983.

Recent studies, which can be documented, show that students involved in Title I programs show significant gains in the subject areas of reading and math because of the special type of service and assistance they receive. A program which offers: experienced teachers; excellent material; one-to-one assistance; reinforcement of skills; assistance in recalling/sorting information, sequencing material, drawing conclusions, etc., is indeed valuable to the educational growth of disadvantaged students.

The Title I program has not received funding in proportion to the annual rate of inflation. In fact, the numbers of students served has been drastically been reduced. Further reduction of the funding level as proposed by the Reagan Administration would result in the additional loss of services to more educationally deprived students and eliminate schools from the program.

Seventeen years ago with the implementation of the federal education program called Title I of the Elementary and Secondary Education Act, school districts were provided with the extra educational help for students who reside in poor neighborhoods and were behind in school. The successful, positive, educational growth since then has become a vital part of all schools. The special programs and activities available are in place because of teachers and staff secured through the Title I program. - Statistical data, graphs, charts, etc., can all be produced to document the tremendous educational gains experienced by students in the Title I program; however, a basic philosophy of education must prevail. That philosophy consists of the basic truth that education is essential to the economic growth in an ever increasing technological society. If we are to continue our competitive spirit and thrust in the worldwide market, investment in the skills and intelligence of our students is a must. A great country is judged by the type of education it sponsors and supports. Our students are making progress, and that progress has its basis in the fundamental goals established with the inception and implementation of the Title I Elementary and Secondary Education Act. The subsequent Chapter I of the Education Consolidation and Improvement Act of 1981 can also succeed if funded at a level to maintain the same progress and the same numbers of students who need help.

I am very much aware and concerned about the state of the economy in this country and sympathize with those held responsible and accountable for the unenviable task of finding ways to reduce federal expenditure. But I strongly feel that education has suffered enough.

I urge Congress not to accept less than the $3.4 billion which was budgeted in the Budget Reconciliation Act of 1981. Such funding will certainly enable local educational agencies to maintain a level of participation commensurate with services to students who are in need of them.

Our greatest vision as educators must be to provide a wealth of educational opportunities for the educationally disadvantaged children who are in need of special programs.

STATEMENT OF THE ACTION COMMITTEE ON HIGHER EDUCATION

The issues around educational programs for the handicapped included in discussions for the purpose of this testimony are among teacher training, problems and methods of teaching the handicapped, special programs, facilities, materials and equipment for the handicapped, training the handicapped, improving special programs, facilities, materials and equipment for the handicapped, training the handicapped, improving Special Education programs by continuing financial support services to educational institutions who are preparing students to pursue a career in Special Education.

Throughout recorded history, in all societies, some individuals have deviated significantly from the majority of their group. Depending on the society these members were honored, rejected, tolerated or assimilated by the other members of the society. Since the concept that education is a community which should be available to all is relatively new, it should not be suprising that information on educating the handicapped is also relatively new. When only the wealth or extremely fortunate could read and write, no great demand was made to teach these subjects to the handicapped. It is only since our society has become legally responsible for providing equality in educational opportunities for all of its citizens that the issue of education for the handicapped have been raised.

Federal monies have been channeled into Special Education programs as our society becomes more aware of and concerned about social legislation. P. L. 94-142 has provided new impetus to the education physically handicapped.

Traditionally, handicapped children of school age have not been provided with the legal right to a public school education assured normal children under compulsory state education laws. Most state laws, because of their vagueness, allowed states to provide separately for the education of handicapped children. Because of this, the Bureau of Education for the Handicapped of the United States Office of Education estimated that of the seven million handicapped school age children in the nation (aged 5 - 19), only one third are receiving Special Education services. One million is estimated to be totally excluded from all education.

Handicapped children have been and are discriminated against in three ways:

(1) they are totally excluded from public schools;

(2) although allowed in school, they are denied any special help they need to benefit from the school experience.

(3) mislabelled by the diagnoses-classification process, so they do not receive the appropriate kind of special educational

Many children without inherent organic or mental handicaps are mistakenly labelled retarded because of poor testing methods which penalize them for their cultural or ethnic backgrounds.

The rights, both human and legal, of handicapped persons must be understood and protected. In 1972 the United Nations General Assembly emphasized the importance of these rights when it adopted the Declaration on the Rights of Handicapped Persons. Some of the rights listed were:

> .....To proper medical care and physical therapy and to such education, training, retardation and guidance as will enable him to develop his ability and maximum potential;
> .....If care in an institution becomes necessary, it should be provided in surroundings and other circumstances as close as possible to those of normal life;
> .....To protection from exploitation, abuse and degrading treatment;
> .....To the maximum degree of feasibility, the same rights as other human beings.

Unfortunately, violations of these legal and human rights continue to occur. Discriminatory practices still exist. A study conducted by the National Association for Retarded Children (1971) pointed out the lack of a significant relationship between state laws mandating education for handicapped children and those children actually participating in such programs. Emerging Citizen advocacy groups have organized to demand the legal rights of the handicapped.

The litigation has involved primarily class action suits charging violation of the basic constitutional rights granted especifically in the Fifth, Sixth, Eighth, Thirteenth and Fourteenth Amendments of the United States Constitution. The two main issued in litigation are the right of education and the right to treatment. We must consider not only right to education, but the right to the kind and procedure as the rest of us. Included would be college, universities, special and professional schools.

Recent court decisions have continued the right of all children handicapped or not to an appropriate education. It has been mandated by those legal decisions to take whatever action necessary to provide that education to the handicapped children (Filhood, 1973).

Those legal decisions are consistent with the goals of education that all children be given to opportunity to learn, whether they are average, bright, dull, blind, crippled, deaf, retarded, delinquent, emotionally disturbed, and or otherwise limited in their capacities to learn. Our schools have evolved numerous modications of regular programs to adapt instruction to children who deviate from the average and who cannot profit substantially from the regular program. Those modified programs cost much more than regular programs because they are special. If this be the case we should consider an increase in funding rather than decrease. As we look back into history, we find that the entire concept of educating each child to the limits of his or her ability is relatively new.

We must be remineded that the federal powers are vested in the Vocational Rehabilitation Act states, "The secretary is authorized to make grants as provided in sections thirty-one to forty-two of this title for the purpose of assisting staes in rehabilitating handicapped individuals so that they may prepare for the engage in gainful employment to the extenet of their capabilities, thereby increasing not only their social and economic well being but also the productive capacity of the nation.

Section thirty-four provided funds for special projects. Among those are: research, demonstrations, training, traineeships, and projects for establishing special facilities and services that hold promise for making a contribution to the solution of vocational rehabilitation common to several or all states and problems related to the rehabilitation of the mentally retarded. Some of the services enumerated are physical therapy, occupation therapy, speech pathology, rehabilitation counseling, and other specialized fields contributing to rehabilitation of the mentally retarded or handicapped.

Educational programs for the handicapped should focus on the above. We should place more emphasis unon training teachers to teach the handicapped. Develop special programs that would guarantee handicapped person, their respective place in life, liberty and pursuit of happiness. This could be achieved by continuing federal support at its highest level of support.

The position of handicapped education in the overall educational system parallels that of general education in the U.S.A. That is, education for the handicapped should the same standards set by the goals of education. Special education means special consideration which requires more money.

The federal government's function has been to promote, stimulate, and improve special education by providing funds and resources to aid state educational programs, establishing limited educational programs, providing advisory, consultative and research services and dissemination information.

Much of the research conducted by the Bureau of Education for the Handicapped centered around the improvement of education for the handicapped. A substantial amount of money should continue to be apportioned for teachers and others serving the various categories of Special Education. Beside the training of teachers in Special Education, a substantial amount of money should continue to be apportioned to the training of personnel involved in Physical Education and Recreation for various levels of the handicapped student.

Most of the services may group as follows:

1. Programs for Special Education at pre-school, elementary and secondary levels.
2. Program for Special Education in State support schools.
3. Supplementary Educational Centers.
4. Early Education for Special Education children.
5. Vocational programs in Special Education.
6. Media Services and Captioned Film Loan programs.
7. Centers for the Deaf-Blind.
8. Information and recruitment grants.

In an effort to secure the information concerning the effects of budget cuts on educational programs for handicapped children in Mississippi, I contacted Dr. Walter Moore, Assistant Director of the Division of Special Education with the State Department of Education through the Governor's Office of Handicapped Services. Dr. Moore indicated that the Continuing Resolution which was past last week includes an increase from five to seven percent in funds for programs for handicapped children. This would provide monies through September of this year. However, President Reagan has requested a rescission of these funds which will result in about a 30% cut in program budgets. This would reduce the amount of money available for services for handicapped children from $190 to $140 per child. These federal funds pay for support services for handicapped children, including services such as testing, teacher aids, social workers, physical therapy and other kinds of services required by Public Law 94-142. State monies received through the Department of Education for Special Education Services generally go to pay for teacher positions.

Other reductions in smaller programs which provide educational services to handicapped children would result in service gaps. For example, the Title I programs provide funds for servies to children currently in institutions or who were formerly institutionalized. These funds would be cut from approximately $700,000 to $600,000. If the Continuing Resolution is implemented as it was passed last week, Mississippi will have enough money for education services to keep, as Dr. Moore said, "our heads above water."

There are approximately 48,000 children in Special Education classes in public schools. Private and parochial schools provide Special Education services for approximately 1200 to 1300 children and the various institutions in the state provide services for 1500 to 2000 students.

Although this information is nothing new to educators, but, what is new is our changing attitudes toward equality in education for the handicapped. Moreover providing the same programs, facilities and experiences of handicapped children cost exceeds that of the normal and we must fight to keep what we have already achieved. The effects of budget cuts on educational programs for handicapped children in Mississippi are similar to those in all fifty states.

Further, I spoke to the financial aid director (see attachment) of our own institution to accertain some relationship to the effects of the budget cuts on financial support services to education institutions who are preparing youngsters to pursue a career in education as well as Special Education. The effects these cuts will have on the institutions of higher learning is equally significant to the teacher training problems, special programs and the ability for youngsters to attend colleges and universities.

For example, over the past several years, 99% of the students served at Rust College alone have received some type of financial assistance most of which were federal aid. In reviewing the tentative financial award letters for the 1982 - 1983 school year, this institution among other institutions who depend almost entirely upon federal aid will become a handicapped institution. Handicapped in the sense that it will not be able to perform its normal or regular service to society.

Finally, let me take this opportunity to thank this committee for its patience, kindness and considerations. Hopefully, these issues raised here today, reflect the consensus of those of us who have great concerns about the future of education as well as the future of our nation as a whole.

Let me further take this opportunity to recommend the following:

1. That this committee continue to support the existing programs in education in general;
2. That this committee continue to support the current trend in providing special funds for handicapped education;
3. That this committee recommend the original budget for educational programs without revisions;
4. That considerations should be given to developing institutions who are preparing student to teach the handicapped individual.

April 14, 1982

Dr. June James III
Rust College
Holly Springs, MS 38635

Dear Dr. James:

Per our conversation on Tuesday, April 13, 1982, please note the following Financial Aid information for the following academic school years.

1979-80	
SEOG (initial)	$ 83,908
continuing	344,806
CWSP	358,791
Total Students Awarded	706

1980-81	
SEOG (initial)	$ 75,517
continuing	344,806
CWSP	300,783
Total Students Awarded	669

1981-82	
SEOG (initial)	$ 75,013
continuing	310,829
CWSP	400,000
Total Students Awarded	730

1982-83 (tentative)	
SEOG (initial)	$105,711
continuing	211,424
CWSP	312,835
Total Students Awarded	750

If additional information is needed, please contact me.

Sincerely,

Fannie Lampley

(Mrs.) Fannie Lampley
Financial Aid Director

STATEMENT OF HONORABLE ANTONIO B. WON PAT, TERRITORY OF GUAM

I wish to express my deep appreciation for the opportunity to address the Subcommittee on the fate of the education budget as it affects the territories and in particular, my own District, Guam. I am sure you realize that the total education picture of the U.S. territories faces a most grave future if the reductions and eliminations in federal programs proposed by the Administration are allowed to become law.

The U.S. territories are special and unique members of the U.S. political family. Their territorial status confers upon them many of the privileges and responsibilities shared by the States. But their geography, people, culture and politics, among other things, distinguish them from the States in several respects. This uniqueness naturally influences their education needs.

I will only attempt to outline these unique characteristics which require special consideration in the shape and manner of federal assistance, particularly as they affect our educational needs.

Overview -- a collection of small islands acquired by the U.S. over the past century. Varying political relations with the U.S. but all have received extensive U.S. aid.

Geography -- spread out over vast expanses of ocean. Population concentrated on main islands with students from outlying islands seeking postsecondary educational opportunities in the more developed islands such as Guam and the Virgin Islands. Communications and transportation networks are limited and expensive.

Demographics -- steady population growth almost to the point of being overpopulated. Limited education.

Culture -- Guam and Virgin Islands more Americanized with smaller, more remote islands looking to them for education and employment opportunities. In many remote areas English is second language.

Local Government -- very political with some remnants of tribal-family divisions (especially in the Pacific), all largely supported by U.S. aid - general assistance and categorical grants.

Economy -- narrowly based and weak. Prospects for private sector growth limited. Large public sector.

Human Resources -- limited education (except for Guam and V.I. where education level is considerably higher). Lack of relevant skills; most want white collar government jobs, not private sector or skilled labor jobs. Career and vocational education lagging.

With this somewhat gloomy picture presenting a continuous challenge to our governments, you can readily see why the territories have become so dependent upon federal assistance in their never-ending goal of providing the best education based upon U.S. standards but tailored to meet the unique needs of these island communities.

While all the Departments of Education are gearing their budgets to absorb certain cuts in federal assistance, they are all hopeful that the Subcommittee and subsequently the House and Senate will consider the unique situation under which the territories labor.

For example, to eliminate or drastically reduce the postsecondary student loan and grant program would virtually deny a larger percentage of territorial students a higher education than it would in the majority of states. With serious unemployment conditions, territorial students cannot "work their way through college" as the saying goes here in the mainland.

Over the years, the territories have been striving to replace contract mainland teachers with their "own". Funds derived under P.L. 95-561, Section 1524 and 1525 have contributed substantially to the development of a sound corps of locally-trained teachers.

If this program is eliminated our reservoir of teachers will not be able to keep pace with the burgeoning population -- a situation in reverse of the declining school population trends of the mainland.

With both the Virgin Islands and Guam scarcely into one year of the consolidation or block grant concept, we are now faced with a reduction in the traditional "no less than one percent set-aside" provision for the territories in the fulfillment of their responsibilities to provide an adequate elementary and secondary education.

My plea to the Subcommittee is keep the language of Section 563 Title 5 of the Omnibus Budget Reconciliation Act 1981 which was intended to protect the territories from the more influential states and to assure that they get their just share of consolidated elementary and secondary funding.

Lastly, but certainly not the least, is the fear that under the Administration's budget proposal, our fledgling vocational education programs will suffer a 40 percent cut. Remembering my history, I recall that it was the Smith Hughes Act of 1917 that led to the development of vocational education in this nation's secondary and postsecondary schools. It pulled us over the top in two world wars when America's superior industrial power proved the measure of victory. Guam and the other territories are at about the same point as was America at the start of World War II. We were an agrarian island with the capability of merely feeding, clothing and sheltering our "familia" economy. Inculcated with western ways, we find we must increase our technology and develop a semi-industrial society capable of sustaining a growing population in an economy that must import just about everything, including the workers to maintain our hardware.

Mr. Chairman, I urge your support in preserving the current set-aside of one percent of the vocational education funding for the territories.

Yet another area of deepening disappointment is in the area of Title 3 funding where both the University of Guam and the College of the Virgin Islands were only recently turned down for the second time this year in their request for a waiver of eligibility requirements in the new, tough and insensitive regulations governing funds for developing institutions. These two postsecondary institutions will continue to appeal to the Secretary of Education to grant this waiver, for without it the two schools wouls suffer the loss of approximately $200,000 each in funds. It may well be that they will be calling on the Subcommittee for support in their next appeal.

In conclusion, Mr. Chairman, let me say that in my ten years in the House, I have never ceased to be grateful for the sensitive and humane manner in which you and your colleagues on this Subcommittee have considered the problems which have restricted the growth of the economies of the territories. You have demonstrated that you know full well that the key ingredient to a self-sustaining people, located remotely as we are, is education in all its phases.

I hope you will not let us down now.

STATEMENT OF REV. THOMAS GALLAGHER, SECRETARY FOR EDUCATION, UNITED STATES CATHOLIC CONFERENCE

Mr. Chairman, members of the Subcommittee, I am Father Thomas Gallagher, Secretary for Education for the United States Catholic Conference. I am accompanied by Mr. Richard E. Duffy, Representative for Federal Assistance Programs, and by chief administrators of Catholic Schools from several of the largest dioceses in the country, which include four major metropolitan centers. These officials are:

Bro. Edmund Baran, Coordinator of Special Programs
Archdiocese of Chicago

Mr. John Halupka, Regional Superintendent - Stevens Point
Diocese of LaCrosse

Mr. Joseph Peychaud, Regional Superintendent
Archdiocese of New Orleans

Rev. Eugene Sullivan, Superintendent of Schools
Archdiocese of Boston.

We thank you for providing us the opportunity to present our views to this subcommittee.

I speak today on behalf of the 180,000 educationally disadvantaged children in Catholic schools, who are receiving special educational services under Title I of the Elementary and Secondary Education Act of 1965 and for the 200,000 children who are eligible to receive Title I services but are not because of insufficient funding. My statement is meant to offer you the recommendation of the Catholic school community on the Administration's proposed cuts for the ESEA Title I program soon to become Chapter 1 of the Education Consolidation and Improvement Act of 1981.

Over the 17-year history of the implementation of Title I, hundreds of thousands of educationally disadvantaged children attending Catholic schools have benefited from a variety of special educational services. The latest available Performance Report on Title I issued by the Department of Education shows that in the 1979-1980 school year 193,000 nonpublic school children participated in programs provided by Title I. It is important to recall that Title I is a program which does not aid schools but which rather focuses on educationally disadvantaged children in public schools, parochial schools, private schools, and even on children who do not attend school. And that is why we have invited Catholic school officials from Boston, Chicago, New Orleans and Stevens Point to tell you about the importance of Title I to Catholic School students in those cities.

The funding level for the Title I program over the years has not kept pace with the annual rate of inflation, and this has actually resulted in an annual decrease in the number of children served. Currently, 5 million educationally disadvantaged children participate in Title I programs -- only 45% of the nation's 11 million who need help. According to the most recent figures available, the number of nonpublic school children receiving both instructional and support services was 309,530, indicating that many children are participating in more than one program. These services were provided when the Title I funding to local educational agencies amounted to $2.6 billion out of a total appropriation of $3.1 billion for 1979-80. To continue to provide the same programs for the same number of children next year, school districts and state agencies will need $3.9 billion. With less there will be a further erosion in the number of children served.

The proposal to cut Title I over the next three years is, in our opinion, sounding a general retreat from this nation's responsibility to needy children. Ironically, these proposed reductions follow closely upon the publication and dissemination by the Department of Education of several recent studies which show that Title I services are indeed effective in helping disadvantaged students progress beyond the achievement level that would be expected without the program. One study reports that Title I students show achievement gains 75% higher than similar students not in Title I programs. The Department of Education's Annual Evaluation Report to Congress confirms that Title I services are well targeted to students in the poorest areas and to the lowest achieving students.

The proposed cuts in Title I give us grave cause for concern because it is estimated that 50% or 2.5 million children would be eliminated from the program. Nearly 2.1 million would lose corrective reading services, while almost 1.2 million would lose special mathematics instruction. If the participation of Catholic and other private school children is reduced by 50%, it would mean the elimination of 96,500 such children from Title I programs. Would this be wise Congressional policy? We do not think so.

These severe reductions would, in our opinion, have their greatest impact on nonpublic school children. First, because even during a period of so-called "adequate" funding the level of participation of eligible nonpublic school children was inadequate and did not reflect the equitable participation mandated by Congress. Second, local school districts, which have administrative control over the funds, will naturally tend, when faced with drastically reduced resources and the competing needs of public and nonpublic school children, to favor the former over the latter. The responsibility of providing for the equitable participation of nonpublic school children in Title I is viewed by some as an unwelcome burden imposed upon local public school districts by the statute. It is a responsibility which, during a time of meager resources, many districts will be tempted and even pressured to ignore. We hope this can be avoided by adequate funding.

It apparently is the Administration's expectation that both state and local entities will "makeup" the "shortfall" resulting from the budget cuts. Such is not likely to happen. Even if it did, nonpublic school students in many states are not likely to benefit from increased state or local funding because of existing state constitutional or statutory provisions that limit or prohibit the uses of state funds for children enrolled in nonpublic schools. Here is another illustration of how nonpublic school children will bear the brunt of the proposed reductions.

We are very concerned with the state of the economy in this country and are sympathetic towards those who have the unenviable task of seeking ways and means of reducing unnecessary federal expenditures. But we also think that the education budget has already taken more than its share of budget cuts. Congress has already cut Title I funding 20% from what was budgeted in the summer of 1981. With adjustments for inflation this 20% cut will be further increased.

Consequently we urge Congress to hold fast to the current $2.8 billion funding for Title I programs and not consent to the Administration's latest rescission request of $312 million. We also urge Congress to restore the funding for Title I in fiscal year 1983 to the $3.4 billion level which was budgeted in the Budget Reconciliation Act of 1981. Such a funding level will almost enable local educational agencies to maintain the Title I program at the current level of participation.

We hope that one day Title I will be funded at a level to provide for all of the eudcationally disadvantaged children who are in need of special programs.

Report on Nonpublic School Student Participation in ESEA Title I Programs for School Year 1979 - 80

Number of Nonpublic School Participants -- 193,000
(This represents an unduplicated count of participants)

Types of Services Provided	# of Participants
Corrective Reading	148,972
Corrective Mathematics	68,875
Language Arts	16,784
English to Limited English Students	12,440
Vocational	39
Handicapped	1,320
Other Instructional Services	16,818
Support Services	
Social Work, Psychological Testing and Guidance	16,755
Health and Nutrition	12,464
Transportation	4,877
Other Support Services	10,186

(This represents a duplicated count of participants)

The number of nonpublic school children receiving both instructional and support services was 309,530 indicating that many children are participating in more than one program. These services were provided when the Title I funding to local educational agencies amounted to $2.6 billion out of a total appropriation of $3.1 billion for 1979-80.

STATEMENT OF REV. EUGENE P. SULLIVAN, SUPERINTENDENT OF SCHOOLS, ARCHDIOCESE OF BOSTON

Mr. Chairman, Members of the Sub-committee, I am Reverend Eugene P. Sullivan, Superintendent of Catholic Schools in the Archdiocese of Boston. I appreciate the opportunity to appear before you today in order to present to you the critical situation that exists regarding funding for Chapter I (Title I) in Catholic Schools in the Archdiocese of Boston and the implications of any loss of such funding.

In the Archdiocese of Boston there are 220 schools serving 72,000 students in 65 cities and towns. It is one of four dioceses in the Commonwealth of Massachusetts in which Catholic schools serving large numbers of students are located. Many of the schools particularly in the Archdiocese of Boston are located in the large urban areas. At the present time there is a Constitutional Amendment that prevents state or local aid to Church related schools in the Commonwealth. For this reason the loss or serious cutback in services provided by Federal Funds would have a serious impact in the remedial services that are presently being offered in Catholic schools to educationally disadvantaged students.

The Chapter I Program has been in existence in the Catholic Schools of the Archdiocese of Boston for seventeen years. During this period, it has been of increasing educational significance. Although expenditures peaked in the mid-to-late 70's to approximately $2.8 million dollars for Catholic schools in the City of Boston annually, the need to acculturate increasing numbers of minority children and their families has continued. Currently, the proportion of Black, Hispanic and other minority children in the Catholic Schools in the City of Boston has risen to approximately 25%.

In the school year 1980-1981, 3,150 students in the inner-city Catholic Schools in the City of Boston were enrolled in Chapter I programs; 63 teachers and 63 teacher aides were employed in the program at a cost of $1,886,585. All of these funds were derived from the federal appropriation to the City of Boston. The corresponding numbers for the school year 1981-1982 are 2,940 students, 58 teachers, 46 teacher aides at a cost of $1,745,548. In addition to the direct expense for salaries, approximately 5% additional is spent annually for materials, field trips and other miscellaneous expenses. Approximately 10% additional is indirect expense, in part, borne by the Archdiocesan School System. The loss or serious cutback in this funding for teachers who provide these remedial services would be impossible to replace by the Archdiocese of Boston or in most instances by the individual school or parish.

These expenditures by the federal government for Chapter I services have been worthwhile and effective. The gains as recorded in the evaluation have been significant. In Mathematics the gains per pupil were two months in achievement level for each month in program participation; for English, 1½ months gain per month in program participation.

Approximately 35% of all Chapter I enrollees in the City of Boston are minority. Virtually all of these children are bitterly disadvantaged. It is beyond our resources to afford them the compensatory education necessary to overcome their disadvantages vis a vis their more fortunate peers.

The Archdiocesan School System receives Chapter I support in a number of other cities and town including urban areas such as Cambridge, Somerville, Chelsea, Lowell, Lawrence, Haverhill, Brockton. This additional support is approximately one quarter to one third of the support received in the City of Boston. In addition there are within the other dioceses in the Commonwealth many urban areas with large numbers of Catholic schools such as Springfield, Worcester, Fall River and New Bedford that depend heavily on the services provided by Chapter I.

The massive enrollment of disadvantaged children in the Catholic Schools clearly proves the participation of the Catholic School System in one of the great social problems, namely, the acculturation both of recently-arrived, as well as generations-resident families who are outside of the majority middle-class western European oriented culture. This massive problem requires for its attack as a necessary, but not sufficient, condition, the continuous provision of large amounts of Chapter I support or its equivalent.

I want to note in recognition of the increased costs for Catholic schools in the Archdiocese of Boston and our desire to continue to offer quality education in the Catholic schools located in the urban areas, the "Inner-City Fund" for the Catholic Schools has recently been inaugurated by the Archdiocese itself. This fund which will primarily be used for scholarships based on need alone could never replace any serious cutback in the services to Catholic schools that are presently being provided by Chapter I funds. Today, my points are plain and simple. In Catholic Schools of the Archdiocese of Boston, the services for children provided by Chapter I funds have been very effective. In addition they have always provided a fine working relationship with the Boston Public School Community. This good working relationship with the public sector has been most important in the last few years as the City of Boston has had to deal with multiple problems of racial disharmony. A cutback, such as the one that is being suggested by the Administration, would be a disaster to the educational programs in all the schools of the city. My personal appeal to you is to ask you to respond to the very real need to restore the funding of $3.4 billion dollars to Chapter I that was originally budgeted in 1981.

STATEMENT OF BRO. EDMUND BARAN, COORDINATOR OF SPECIAL PROGRAMS, ARCHDIOCESE OF CHICAGO

I AM BROTHER EDMUND BARAN, O.S.M. OF THE ARCHDIOCESE OF CHICAGO, OFFICE OF CATHOLIC EDUCATION. I AM THE COORDINATOR OF SPECIAL PROGRAMS AND ALSO ONE MEMBER OF A MANAGEMENT TEAM OF FOUR, RESPONSIBLE FOR THE DAY-TO-DAY OPERATIONS OF OUR OFFICE. I AM PRIVILEGED TO BE HERE WITH YOU REPRESENTING OUR DIOCESE AND THE PEOPLE WHOM WE SERVE.

IT IS AN HONOR FOR US TO PROVIDE TESTIMONY AND BECOME A VOICE FOR THE VOICELESS TOWARDS A PROGRAM WE STRONGLY FEEL HAS BENEFITTED THE LIVES OF MANY CHILDREN AND THEIR FAMILIES. THE QUIET VOICES OF THE POOR ARE NOT LOUD ENOUGH TO BE HEARD. THEY HAVE NO PAID LOBBYISTS TO REPRESENT THEIR INTERESTS. OUR HOPE TODAY IS THAT WE WILL HELP MAKE THOSE VOICES BE HEARD.

OUR AGENCY HAS BEEN INVOLVED IN ADMINISTERING FEDERALLY FUNDED PROGRAMS TO SERVE THE NEEDS OF THE POOR FOR OVER 15 YEARS. THE MAJOR WORK OF THE ARCHDIOCESE OF CHICAGO, OFFICE OF CATHOLIC EDUCATION IS IN THE ADMINISTRATION OF ONE OF THE LARGEST SCHOOL SYSTEMS IN THE COUNTRY. AS PART OF THAT, WE HOLD STEADFAST TO OUR COMMITMENT TO THE LIFE-LONG EDUCATION OF ALL PEOPLE WHOM WE ENCOUNTER. AS EDUCATORS, WE BELIEVE THAT THE LEARNING PROCESS IS FROM CRADLE TO GRAVE, AND IT IS WITH THIS CONVICTION THAT WE ACTIVELY SEEK NEW AND INNOVATIVE WAYS TO SERVE THE NEEDS OF BOTH YOUNG AND OLD. I HOPE MY REMARKS WILL PROVIDE YOU WITH WAYS THE TITLE I PROGRAM HAS HELPED, AND IN TURN HOW IT WOULD BE HARMED THROUGH ANY CUTBACKS.

WE COULD CALL TITLE I THE "OLD WORK HORSE." IT HAS BEEN AROUND FOR SO MANY YEARS, WE HAVE TAKEN IT FOR GRANTED. AND THAT IS GOOD BECAUSE IT IS STILL NEEDED. I WOULD LIKE TO TRY TO DEMONSTRATE THIS NEED FROM THE VERY THOROUGH NEEDS ASSESSMENT THAT IS DONE IN TRYING TO IDENTIFY THE PRIORITIES THAT ARE TO BE ADDRESSED BY THE PROGRAM. THERE ARE FOUR INSTRUMENTS USED IN THE FISCAL 1982 NEEDS ASSESSMENT. THERE IS A 1) GENERAL NEEDS QUESTIONNAIRE, 2) SUBJECT NEEDS QUESTIONNAIRE, 3) PROGRAMS FOR MEETING STUDENT NEEDS QUESTIONNAIRE, AND 4) TEACHER IN-SERVICE NEEDS QUESTIONNAIRE. THE GENERAL NEEDS QUESTIONNAIRE IS ADDRESSED TO FOUR SEPARATE GROUPS: PARENTS, TEACHERS, PRINCIPALS AND ADVISORY COUNCIL MEMBERS. I HAVE PROVIDED YOU WITH SOME DOCUMENTATION THAT WILL GIVE YOU MORE OF THE SCOPE AND RESULTS OF THESE QUESTIONNAIRES. COUPLED WITH

THIS, THERE IS AN ESEA TITLE I LONGITUDINAL STUDY FOR FISCAL YEARS 1979 THRU 1982. I HAVE ALSO PROVIDED COPIES OF THAT FOR YOUR INFORMATION. IN THE NON-PUBLIC SCHOOLS DURING EACH OF THESE YEARS, READING STILL SURFACED AS THE TOP PRIORITY. SPEAKING IS NOW IN SECOND POSITION; MATHEMATICS WAS RANKED THIRD; VOCABULARY, FOURTH; AND ATTITUDE TOWARDS SCHOOL, IN FIFTH POSITION. FROM THE WRITTEN INFORMATION I HAVE PROVIDED, YOU CAN SEE THAT THESE PRIORITIES HAVE CHANGED SOMEWHAT, BUT ARE STILL THE TOP PRIORITIES. THE FOLLOWING RECOMMENDATIONS CAME OUT OF THE NEEDS ASSESSMENT:

1) CONTINUE TO GIVE THE HIGHEST PRIORITY TO READING
2) BASIC SKILLS PERTAINING TO MATHEMATICS, SPEAKING AND VOCABULARY SHOULD BE GIVEN HIGH PRIORITIES FOR FUNDING
3) PROVIDE FOR MORE INDIVIDUAL ATTENTION AT THE HIGH SCHOOL LEVEL
4) EMPHASIZE THE DEVELOPMENT AND MAINTENANCE OF A POSITIVE ATTITUDE TOWARDS SCHOOL
5) SPELLING AND WRITING SKILLS SHOULD BE EMPHASIZED WHEN PROGRAM ALLOCATIONS ARE MADE
6) PROGRAMS TO IMPROVE RETENTION OF STUDENTS SHOULD BE GIVEN ADDED ATTENTION
7) SMALL GROUPS AND INDIVIDUALIZED PROGRAMS SHOULD RECEIVE TOP PRIORITY IN 1982
8) FUNDING FOR PROGRAMS WHICH ARE RANKED LOW SHOULD BE DETERMINED BASED ON FURTHER STUDY OF EACH INDIVIDUAL PROGRAM
9) TEACHER IN-SERVICE SHOULD FOCUS ON TEACHING THE BASICS

10) CONDUCT A MORE DETAILED STUDY FOR PRINCIPAL AND TEACHER RESPONSES.

THESE RECOMMENDATIONS ARE EXPLAINED IN DETAIL IN YOUR PACKET. I OFFER THIS INFORMATION ABOUT NEEDS ASSESSMENT AS A BACKDROP TO THE VALUE OF THE TITLE I PROGRAM AND THE NEEDS THAT IT SERVES. THE COMMITMENT TO BETTER EDUCATE OUR CHILDREN WILL REMAIN AND THESE NEEDS WILL STILL BE A PART OF THAT COMMITMENT. HOW CAN WE EVEN CONSIDER CUTTING THE MONIES THAT MUST BE ALLOCATED?

SO THAT YOU HAVE SOME UNDERSTANDING OF THE SIZE OF THE TITLE I PROGRAM WITHIN THE ARCHDIOCESE OF CHICAGO, PLEASE NOTE THAT OUT OF A TOTAL OF 377 ELEMENTARY SCHOOLS IN COOK AND LAKE COUNTIES, WE HAVE 134 SCHOOLS PARTICIPATING IN THE PROGRAM. IN THE CITY ALONE, 4,470 CHILDREN OUT OF OVER 83,000 CHILDREN WITHIN OUR SYSTEM RECEIVE SERVICES THROUGH TITLE I. OUR COUNTY ENROLLMENT IS OVER 52,000 YOUNGSTERS, WITH 62 SCHOOLS OUT OF 151 SCHOOLS PARTICIPATING IN TITLE I ACTIVITIES.

ONE OF THE BY-PRODUCTS OF THIS PARTICIPATION HAS BEEN WHAT MANY FEDERALLY FUNDED PROGRAMS REFER TO AS "PROGRAM LINKAGES." IN THIS PROGRAM, THE RELATIONSHIPS BETWEEN PUBLIC AND NON-PUBLIC SCHOOL SYSTEMS HAVE BECOME FIRM AND WE HAVE BEEN SHARING INFORMATION, PROBABLY MORE THAN EVER BEFORE. WE HAVE HELPED EDUCATE ONE ANOTHER INTO THIS LINKAGE WHEREBY WE NOW LOOK FORWARD TO THIS PARTICULAR ASSISTANCE FOR OUR CHILDREN.

THERE IS A REPORT CALLED "URBAN POLICY ISSUES" PREPARED BY A GROUP OF BLACK SCHOLARS AND WHICH IS ISSUED JOINTLY BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND THE JOINT CENTER FOR POLITICAL STUDIES. THIS REPORT EXAMINES ELEMENTARY AND SECONDARY EDUCATION FOR THE URBAN POOR AND FINDS IT "LACKING." THE CHAPTER ON URBAN EDUCATION POINTS OUT THAT THE FEDERAL GOVERNMENT CANNOT BE CHARACTERIZED AS THE "SAVIOR" OF PUBLIC EDUCATION, BUT "THE IMPETUS FOR IMPROVING THE URBAN PUBLIC SCHOOLS HAS COME FROM FEDERAL INITIATIVES."

IN THE EDUCATION DEPARTMENT 1981 ANNUAL EVALUATION REPORT TO CONGRESS ON TITLE I OF THE ELEMENTARY AND SECONDARY EDUCATION ACT, IT IS CLEAR THAT THIS PROGRAM HAS CAUSED SIGNIFICANT INCREASES IN ACADEMIC ACHIEVEMENT. I WOULD LIKE TO SUBMIT A COPY OF THIS REPORT IN ITS ENTIRETY.

RESULTS FROM NATIONAL AND LOCAL EVALUATIONS SUGGEST THAT A FIFTEEN YEAR DECLINE IN EDUCATIONAL ACHIEVEMENT "IS BEGINNING TO REVERSE, PARTICULARLY AMONG TRADITIONALLY LOW-ACHIEVING GROUPS."

THE EDUCATION DEPARTMENT'S FIVE-YEAR STUDY FOUND THAT TITLE I STUDENTS IN GRADES 1 THROUGH 3 IMPROVED THEIR READING 10% - 17% MORE THAN DID DISADVANTAGED STUDENTS WHO DID NOT RECEIVE TITLE I AID. IN GRADES 4 THROUGH 6, THE READING GAINS RANGED FROM NO IMPROVEMENT TO 8% IMPROVEMENT. IN MATH, TITLE I STUDENTS IN GRADES 1 THROUGH 6 PERFORMED FROM 9% - 17% BETTER THAN NON-TITLE I STUDENTS.

THE TYPICAL TITLE I STUDENT IN CHICAGO IMPROVED IN READING BY AT LEAST FOUR PERCENTILE POINTS ON STANDARDIZED TESTS IN EACH OF THE PAST

TWO YEARS, ACCORDING TO THE EDUCATION DEPARTMENT REPORT. SOME TITLE I CLASSES AS A WHOLE SCORED AS MUCH AS 67% HIGHER THAN NON-TITLE I CLASSES OF SIMILARLY DISADVANTAGED STUDENTS.

THE URBAN POOR (45% OF WHOM ARE BLACK) NEED MORE EDUCATIONAL HELP THAN THE FEDERAL GOVERNMENT HAS BEEN GIVING THEM: "AGGREGATE BLACK PERFORMANCE, MEASURED AT AGES 9, 13, AND 17, RANGES BETWEEN 10 - 17 POINTS BELOW THE NATIONAL MEAN IN READING AND MATH, WHILE AGGREGATE WHITE PERFORMANCE RANGES BETWEEN 2 - 3 POINTS ABOVE THE MEAN."

AS PART OF OUR TESTIMONY WE ARE ALSO INCLUDING LETTERS FROM FOUR OF OUR PRINCIPALS WHO HEARD ABOUT OUR EFFORTS AND WANTED YOU TO KNOW THEIR FEELINGS TOWARD TITLE I. I AM CERTAIN THAT YOU WOULD NOW BE DELUGED WITH LETTERS FROM PRINCIPALS, TEACHERS AND PARENTS IF WE AGAIN ELICITED THEIR SUPPORT.

PARTICIPATION IN TITLE I PROGRAMS HAS ENCOURAGED PARENTS TO RETURN TO SCHOOL TO FURTHER THEIR OWN EDUCATION AND TRAINING. IF THE BUDGET CUTS ARE APPROVED, AT LEAST 100,000 TEACHERS AND STAFF WILL LOSE THEIR JOBS AND MORE THAN 120,000 TEACHERS WILL NO LONGER BENEFIT FROM TITLE I TRAINING PROGRAMS. CHILDREN IN TITLE I PROGRAMS ARE FROM FAMILIES IN GREATEST NEED, ALREADY HIT BY CUTS IN AFDC, FOOD STAMPS, AND HEALTH SERVICES. WITH THESE FACTS IN MIND, I DO NOT SEE HOW YOU CAN CONSIDER CUTTING BACK ON SUCH A WORTHWHILE PROGRAM.

I WOULD LIKE TO QUOTE DIRECTLY FROM ESEA SECTION 101 OF PUBLIC LAW 89-10, AS AMENDED IN 1978 BY PUBLIC LAW 95-561 WHICH STATES:

> "In recognition of the specific educational needs of children of low-income families and the impact that concentrations of low-income families have on the ability of local educational agencies to support adequate educational programs, the Congress hereby declares it to be the policy of the United States to provide financial assistance....to local educational agencies serving areas with concentrations of children from low-income families to expand and improve their educational programs by various means (including pre-school programs) which contribute particularly to meeting the special educational needs of educationally deprived children."

FROM SOME OF THE RESULTS I HAVE COME ACROSS, IT IS OBVIOUS THAT WE WILL HAVE "EDUCATIONALLY DEPRIVED CHILDREN" WITH US FOR SOME TIME. THIS PROGRAM HAS BEEN AN ADDITIONAL HELP TO THOSE YOUNGSTERS. IT APPEARS TO ME THAT THE TITLE I ESEA PROGRAM DOES FULFILL THE PURPOSE GIVEN IN THE LEGISLATION. OUR CHILDREN HAVE A RIGHT TO THESE SERVICES, AND AGAIN ONLY THIS PARTICULAR POPULATION WILL SUFFER FROM ANY CUTBACKS. HOW CAN YOU AS OUR ELECTED REPRESENTATIVES NOW TURN YOUR BACKS ON THE POOR?

WE THEREFORE REQUEST THAT TITLE I BE FUNDED AT NO LESS THAN $3.4 BILLION WHICH WAS BUDGETED IN THE BUDGET RECONCILIATION ACT OF 1981.

Statement of John J. Halupka, Superintendent, Diocese of La Crosse, Wisc.

Mr. Chairman, members of the Sub-committee, I am John Halupka, Superintendent of the Stevens Point Area Catholic School System in Stevens Point, Wisconsin. I thank you for providing me the opportunity to present my views to this sub-committee.

I speak today on behalf of the 4,549 State of Wisconsin Catholic educationally disadvantaged children who are presently receiving special educational service under Title I of the Elementary and Secondary Education Act of 1965. My statement is meant to clarify to you the drastic impact that the Administration's proposed cuts for Chapter I of the Education Consolidation and Improvement Act of 1981 will have on the Catholic School Community in the State of Wisconsin and the Stevens Point Catholic Community in particular.

The enactment of the Elementary and Secondary Education Act (ESEA) in 1965 was the great driving force in federal aid to education. It set the direction for federal aid programs that is with us today and channeled federal assistance to public and private school children. A major provision of that act affecting school districts was directed at providing federal funds for educating educationally disadvantaged children whose needs were not being adequately met by either state or local efforts. The keystone of that Federal program has assured special aid for the lowest achieving students and is proven effective in reaching those-children who need it most, irrespective of whether those children are enrolled in public school, parochial schools or private schools. It has also been more effective than other federal programs in closing the resource gap between rich and poor schools.

Since the implementation of Title I in 1965, thousands of educationally disadvantaged children attending Wisconsin public and nonpublic schools have benefitted from a variety of special educational services. Currently, 408 of 432 school districts, 94%, received Title I funds. The latest available data on Title I issued by the Wisconsin Department of Public Instruction shows that in the 1980-81 school year, 68,943 public and 4,549 nonpublic school children participated in programs provided through Title I at a cost of $49 million. This quality instruction involves 2,833 Full-Time Equivalent teachers and classroom aides, in addition to the involvement of supporting staff made up of social workers, guidance counselors, and psychologists. Based on national estimates, the State of Wisconsin would need $58 million for the 1982-83 school year in order to continue its current programs in the face of inflationary increases.

Should Congress approve the Executive Budget proposed, it is estimated that 40% or 29,900 children would be eliminated from the program and lose corrective reading and mathematics instruction. If the participation of Catholic and other private school children are reduced by 40%, it would mean that 1,820 of such children would be eliminated from Chapter I programs. This is clearly unacceptable by the Catholic and private school community in the State of Wisconsin.

It is further estimated the 1,030 Full-Time Equivalent Title I teachers and aides may lose their jobs in Wisconsin. As Mr. Frank Brown, the recently retired Director of Title I in Wisconsin, states, "The picture may be even bleaker for Wisconsin because about one-half of our districts receive $100,000 or less in funding annually. This means, when faced with unemployment compensation payments, about forty districts state-wide might have to drop out of Title I completely."

I am gravely concerned about the erosion of funding for Chapter I which has occurred during the past year and which has been proposed for 1983. Federal programs in general and Chapter I in particular have brought about a number of positive benefits; the first being that federal assistance has encouraged curriculum reforms where significant educational changes have occurred which would not have been possible without federal funding.

Secondly, Chapter I programs have spotlighted the needs of children. Chapter I regulations require that funds be targeted to those children from low income attendance areas most in need of educational services. Resources in this way are focused on the needs of the under-achieving child. In a community such as Stevens Point, during the 1981-82 school year, this has resulted in providing services to 293 public and 45 nonpublic children who are below grade level in Reading and Language Arts. The initiative begun with Title I in 1965 has caused educators to individualize their programs and to look at the needs of children.

Finally, and possibly one of the most important elements, Chapter I has promoted public and nonpublic school cooperation. Federal regulations have required that nonpublic school children participate in federal programs on an equitable basis. In Wisconsin, federal funds must be used consistent with the Wisconsin Constitution. Nonpublic school students participate in the Chapter I program and both school organization staffs participate in federally funded school district inservice. This has led to better understanding and communication throughout the State of Wisconsin and in particular, Stevens Point's two school systems.

Currently in Stevens Point, the Chapter I Program is centered at the elementary schools, focusing on Reading and Language Arts for children in grades 1 - 6. Cuts in federal appropriations in the past have already had their effect and Chapter I programs and services for students in grades 7-12 are almost non-existent. Nine teachers and five teacher aides are providing approximately 2 hours of additional Reading and Language Arts services per week to each eligible child in our school district. Presently, 293 public and 45 nonpublic school students are being served for a total of 338. The equivalent of one full-time teacher serves students from the nonpublic schools. Services are provided to four Catholic elementary schools in Stevens Point, St. Paul Lutheran School, and Sacred Heart Catholic School in outlying Polonia. The total current budget for this program is $293,000.

The proposed level of funding would drastically alter our Chapter I program for next year. If this happens, many children who are now achieving academically in the Stevens Point schools would have to cope without the help they so desperately need and which has proven effective for their educational growth. It is anticipated that the 1982-83 Chapter I allocation will be approximately $253,000 at our local level. As a result, three Chapter I teachers will be cut from the program. Since each teacher currently serves 37 students, this would mean that a total of 112 students will lose services under the proposed level of funding. This translates into a 33% reduction in staff and participating students. Service to 97 public school students would be curtailed. There are only 45 nonpublic school children participating in the program and fifteen of this number will not receive the needed benefits of corrective Reading and Language Arts services.

Ironically, these anticipated reductions follow closely upon the publication and dissemination by the Department of Education of several recent studies which show that Chapter I services are indeed effective in helping disadvantaged students progress beyond the achievement level that would be expected without the program. One study reports that Title I students show achievement gains 75% higher than similar students not in Title I programs.

It is obvious that these severe reductions have their greatest impact on nonpublic school children. First, because even at the current level of funding the participation of nonpublic school children is limited. Second, there is a great possibility that some local school districts, faced with drastically reduced financial resources, may naturally tend to favor public school children over nonpublic school children. The responsibility of

Chapter I for providing equitable participation of nonpublic school children might be viewed as a burden by some local public school districts and the maintenance of this provision may be even more difficult to insure and monitor. Adequate funding would help avoid this problem.

In conclusion, I urge Congress to restore the funding for Chapter I to the $3.4 billion level which was budgeted in the Omnibus Budget Reconciliation Act of 1981. Such a funding level will enable local Wisconsin educational agencies to maintain the Chapter I program at their current levels of participation.

I am hopeful that in the future, Chapter I could be funded at a level to provide equitable service to all educationally disadvantaged children who are in need, a noble responsibility of the United States Congress.

STEVENS POINT AREA SCHOOL SYSTEM

TITLE I BUDGET PROJECTION 1982-83

A. 1981-82 Budget — $293,000.00

B. 1982-83 Projected Budget
Present Program carried forward — 323,765.00

$293,000
10.5%
$ 30,765

$293,000
+30,765
$323,765

C. 1982-83 Projected Award — $253,300.00

1981-82 Award $298,000
approve 15% cut

$298,000
-15%
$ 44,700

$298,000
- 44,700
$253,300

D. Carry-over funds from 1981-82 — $ 27,000.00

E. Funds Available 1982-83
($253,300 + $27,000) — $280,300.00

F. Expected Reduction in Program — $ 43,465.00

$323,765
280,300
$ 43,465

G. Impact on Program

1. 33% reduction in Staff - 3 Teachers
2. Non-Public Participation Decrease

   33% x 45 = 15 Students

3. Public School Decrease

   33% x 293 = 97 Students

TITLE I DATA

STATE OF WISCONSIN

A. TITLE I AS IT EXISTS PRESENTLY IN WISCONSIN:

1. Wisconsin has participated in Title I for the past 17 years. In 1980-81, 408 of Wisconsin's 432 districts (94%) received federal funds under Title I so their schools could provide extra educational help to children who live in poor neighborhoods and who need help in reading and math.
2. In 1980-81, Wisconsin's 408 school districts and the Wisconsin Department of Public Instruction received $49 million to help 73,492 low-achieving children. (About $667 per child.)
3. In 1980-81, these school districts were able to hire almost 2,833 (FTE) teachers and classroom aides for their Title I programs, along with support staff of social workers, guidance counselors and psychologists.
4. Recent federal studies find that children who receive extra help in Title I programs have higher test scores in reading and math than children who aren't in Title I programs.
5. Based on national estimates, Wisconsin would need $58 million in 1982-83 to continue its current program in the face of inflationary increases.

B. ANTICIPATED EFFECT OF THE PROPOSED EXECUTIVE BUDGET:

1. If Title I funds are reduced by 20% in 1982-83, and 33% for 1983-84, and by 50% for 1984-85,
    a) With inflation, this would really be a 37% cut for 1982-83, a 54% cut in 1983-84, and almost a 70% cut by the school year that begins in September, 1984.

C. EFFECTS OF CONGRESSIONAL APPROVAL:

1. Based on national projections, about 29,400 Wisconsin children who are now receiving help in reading and math would not be able to participate in Title I programs next year.
2. An estimated 1,030 full time Title I staff (teachers and aides) might be eliminated.
3. The picture may be even bleaker for Wisconsin, because about half of our districts receive $100,000 or less in funding, which means when faced with unemployment compensation payments, about 40 districts statewide might have to drop out of Title I completely.

D. PRIVATE SCHOOL FIGURES

1. In 1980-81, 327 schools out of 842 eligible schools participated in Title I and 4,549 private students were enrolled.

STATEMENT OF THE AMERICAN SPEECH-LANGUAGE-HEARING ASSOCIATION

The American Speech-Language-Hearing Association (ASHA) welcomes the opportunity to present its views and recommendations concerning appropriations for programs serving children, adults, and senior citizens with handicapping conditions. Physically and mentally handicapped persons comprise a substantial portion of the nation's population - around 35 million people. Among the most prevalent handicapping conditions are speech, language, and hearing impairments. Because the ability to communicate effectively is so fundamental to other life activities - learning, interpersonal relationships, and vocational pursuits - any loss or limitation of this ability can be detrimental to individual human development and performance.

As the professional and scientific society representing over 36,000 speech-language pathologists and audiologists nationwide, ASHA is greatly concerned with budget proposals that would have a detrimental effect on services, training and research in programs for the handicapped. Our members work in hospitals, speech and hearing clinics, outpatient rehabilitation centers, skilled nursing facilities, home health agencies, Head Start programs, Veterans Administration and Department of Defense hospitals, public and private schools, and independent practice. We have had numerous reports of serious reductions in services, benefits, and personnel in many of these settings as a result of the budget cuts that were enacted last year. Because the programs addressed in this statement are demonstrably cost effective, adequate funding is essential in terms of national economic as well as individual human considerations.

Late last year, a bipartisan Congressional majority reaffirmed the national commitment to the handicapped by approving authorization-level funding for various programs including the Education of the Handicapped State Grant Program, the Vocational Rehabilitation State Grant Program, and the Maternal and Child Health Services Block Grant. However, the authorization levels set by the Omnibus Budget Reconciliation Act of 1981 were, in most cases, much lower than previous levels. Other programs, particularly categorical education and health service and training programs, suffered drastic reductions in funding.

Following are ASHA's positions and FY 1983 appropriations recommendations regarding major programs serving the handicapped within the Departments of Education and Health and Human Services.

VOCATIONAL REHABILITATION ACT

	FY 1981 Appropriations	FY 1982-83 Authorizations (1981 Budget Reconciliation)	FY 1982 Appropriations (Continuing Resolution)
Vocational Rehabiliation State Grants	$854.259 million	$899 million (FY 1982) $943.9 million (FY 1983)	$863 million
Rehabilitation Training	$ 21.7 million	$ 25.5 million	$ 19.2 million

	FY 1983 President's Budget	FY 1983 ASHA Recommendation
Vocational Rehabilitation State Grants	$579.536 million	$943.9 million
Rehabilitation Training	*	$ 25.5 million

*The Administration is proposing a Special Purpose Fund to include discretionary vocational rehabilitation programs.

The Vocational Rehabilitation Services program has been a model of working federalism - an effective federal-state partnership for over 60 years. Year after year the program has proven effective in enabling handicapped persons to achieve better lives and to become contributing members of society.

The fiscal rationale of the State Grant Program is readily apparent: the cost-effectiveness ratio of vocational rehabilitation services is estimated to be about 1:11. The rehabilitation of 277,000 individuals in 1980 meant an additional $88.4 million in social security payroll taxes, $99.3 million in federal income taxes, and $14.2 million in state and local taxes. As important as the economic benefits of the program are the human benefits. For the handicapped individual, rehabilitation means independence, self-esteem, and mobility. For the families of handicapped individuals, it means the lifting of physical, emotional, and financial burdens.

In the President's 1983 budget, an unprecedented reduction of one-third is being recommended for the State Grant Program along with the phasing out of federal responsibility for vocational rehabilitation services.

In seeking these massive budget cuts and other changes, the Administration is asking states to take on an enormous burden which many simply cannot afford. These states will be forced to require more taxes from their citizens-at-large or to leave their handicapped citizens without the vital services they need. A funding reduction on the order of the Administration's recommendation would mean short-term savings with disastrous long-term consequences. The cost of lost productivity and public dependence on the part of non-rehabilitated individuals will grow and greatly add to the federal budget deficit. An indiscriminate budget cutting strategy which has these economic and human consequences is obviously not cost effective and, hence, is self-defeating.

In order for rehabilitation services to be most beneficial to handicapped persons, it is essential that they be provided by appropriately trained professionals. The Rehabilitation Services Administration has reported significant progress being made by the states in developing innovative programs in long-term training, independent living, and outpatient rehabilitation. Successful rehabilitation programs administered by competent and highly trained professionals have enabled handicapped individuals to lead more independent and productive lives.

Federal support for the Rehabilitation Training Grant Program, however, has been steadily shrinking over the last few years. The Administration's current proposal to fold Rehabilitation Training into a vague "Special Purpose Fund" would provide no assurance of future supplies of adequately trained rehabilitation professionals.

We respectfully recommend that Congress provide $943.9 million for vocational rehabilitation state grants and $25 million for training and that Congress reject any plan to withdraw federal responsibility for these programs.

MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT

FY 1981 Appropriations	FY 1982-83 Authorizations (1981 Budget Reconciliation)	FY 1982 Appropriations (Continuing Resolution)
$457.455 million	$373 million	$348 million

FY 1983 President's Budget	FY 1983 ASHA Recommendation
*	$373 million

*The President's Budget recommends consolidating the Maternal and Child Health block grant with the Women, Infants, and Children program and would result in a FY 1983 appropriations level $282 million lower than the current level of the combined programs.

The Maternal and Child Health Services program is one of the oldest and most effective health care programs. The Omnibus Budget Reconciliation Act of 1981 created a block grant centered around the Title V program.

Although the Maternal and Child Health program has never been fully funded, appropriations for it alone had been considerably higher than the authorization level set last year for all the programs in the new block grant. The FY 1982 spending level is nearly $100 million lower than actual spending during each of the previous five years. This year the Administration is recommending merger of the Women, Infants, and Children nutrition program (WIC) from the Department of Agriculture with the Maternal and Child Health Block Grant. The new block grant would be funded at $1 billion, which is nearly equivalent to the present WIC appropriation alone. Funding for the programs would be more than a quarter billion dollars less than at present for the combined programs. The proposed consolidation would therefore put an enormous burden on the states and force them to choose between adequate nutrition and adequate health care for children. It is tragic that the Administration would propose such drastic budget cuts in a program with such a history of achievements and so much potential for further success.

The budget cuts that have already taken effect in this program are being felt across the country in the form of reduced or eliminated health care services. Any further budget cuts would be devastating. We recommend restoration of funds for Maternal and Child Health Services to the full authorized level of $373 million, and rejection of the proposed block grant.

In conclusion, Mr. Chairman, slashing funds for vocational rehabilitation services and maternal and child health programs will result in very minor savings for the federal budget in its entirety, but is likely to have damaging, and in many cases, lasting effects on millions of handicapped children and adults. These are individuals who, without the special services these programs provide, will have less chance of becoming productive citizens. Rather than contributing to society and national economic growth, many more will be unemployed or underemployed, welfare-dependent, and confined to costly institutional settings. In this way, short-term budget cuts are likely to have serious long-term consequences for the handicapped and the non-handicapped alike.

For these reasons we strongly recommend that, for each of the programs discussed herein, funding be set at the authorized levels for FY 1983. We appreciate your consideration of our views.

STATEMENT OF THE NATIONAL SOCIETY FOR AUTISTIC CHILDREN

The National Society for Children and Adults with Autism is an organization representing 340,000 autistic children and adults in this country. The organization has affiliates in most every state.

Research

When NSAC appeared before this Subcommittee last year we told you of a major concern of the National Society for Children and Adults with Autism (NSAC) -- implementation of a research section on Autism and Behavioral Disorders at at the National Institute of Neurological and Communicative Disorders and Stroke (NINCDS), at the National Institutes of Health (NIH).

We wish to thank the members of this Subcommittee for supporting the implementation of this important research section in last year's appropriation for the National Institutes of Health. The appointment of Dr. Martha Bridge Denckla as head of the Autism and Behavioral Disorders Section at NINCDS -- at a time when research into the functioning of the human brain is advancing rapidly -- will help insure that research will be conducted on this puzzling disorder, which often has broken rules of human development.

We appreciate your past support and ask this year that you support the administration's budget for NINCDS. Biomedical research by NINCDS into the causes and the search for a possible cure for autism has brought new hope to the autistic and their families around the country.

We are concerned this year with the administration's proposal for the National Institute of Mental Health (NIMH). While the focus of NINCDS is neuro-biomedical research projects, NIMH has been particularly helpful to us in focusing research on treatment techniques for individuals who have autism. For example, research funded through NIMH at the Yale Child Study Center is finding that there is an organic basis for autism. Dr. Donald J. Cohen and his associates are examining the disruption of balance between neuro-regulator systems. His evidence increasingly suggests that this is what has "gone awry in autistic children." With this new understanding, the research at Yale is helping to develop innovative diagnostic, evaluation, and treatment procedures. The techniques used are a combination of behavior observation, language studies and biological research.

Presently, the Administration proposes to fund NIMH at $195.9 million. This is a decrease of 28% from FY 1981 appropriations. In addition because of the severe budget reductions for NIMH in FY 1982, very little money has been available for new awards. In particular, the neurosciences have experienced a 66% decrease in available funds for new and competing awards. This phenomena will devastate the neuroscience research activities. We therefore urge that the Committee recommend a funding level of $277.6 million for the National Institute of Mental Health. We ask that the Committee's recommended level for the research section of NIMH be funded at $180 million for FY 1983. This level is approximately equal to the FY 1982 request, prior to the recent round of budget cuts. We also would like to express our support of the National Mental Health Association's testimony and its additional recommendations regarding appropriations for this institute.

Until medical research can give us new answers as to the causes and possible cures, research into improving the treatment and diagnostic techniques for autism will remain essential.

Education

While increased research efforts through NINCDS have brought new hope for the future, parents of autistic children have been dismayed over the past year by the administration's efforts to curtail educational opportunities for autistic children. The proposed block grant, reduced funding and regulatory changes for education programs for the handicapped will hit autistic children particularly hard. The severity of the disorder and the former belief that autism was psychogenic in nature led most children to life in an institution.

While we now know that there is a physiological basis for autism, all too few professionals have kept up-to-date on advancing knowledge into the cause and proper treatment for autism. This has led to autistic children either being inappropriately served, or not served at all, in educational programs. For example, a 1981 study on autism in Virginia found that, while the statistical incidence of autism in the general population would suggest that 1,516 children would be found in school programs, only 217 were actually being served in programs for the autistic.

Since autistic children were primarily excluded from public school programs and are only now beginning to be appropriately identified and served, there is a tremendous shortage of personnel trained to work with our children and programs appropriate to their needs.

We therefore ask that you support the joint recommendations on educational funding presented to this Committee on May 6th by the Council for Exceptional Children, the Association for Retarded Citizens, United Cerebral Palsey, and NSAC. These funding levels are essential to ensuring the development of appropriate educational programs for autistic children.

Vocational Rehabilitation

Education programs are important to us because we know that if we begin appropriate educational programs early enough, we have a significantly greater opportunity of improving a child's life. But all the educational improvement is worth nothing if there are no vocational opportunities as the child reaches maturity. It is, therefore, of great concern to us that at a time when we are beginning to show the kinds of work that many autistic individuals can learn to do, the administration is proposing great reductions in the vocational rehabilitation programs and turning them back to the states in 1984.

We recently came across a story in the Baltimore Sun on Thursday, January 21, 1982, that we want to share with you. It is the story of a 22-year-old autistic woman, Mary Sauerbier, who, until a little over a year and a half ago, was sitting all day in a locked room in a state hospital. Today she is successfully employed, assembling fuse resistors at the FIC Corporation in Rockville, Maryland and living in a group home.

Because Mary and other autistic adults like her can be gainfully employed when provided vocational training opportunities, and because so few autistic persons currently receive such services, we fear that proposed cutbacks in funding will result in autistic individuals continually being unserved. We urge that you recommend funding for the vocational rehabilitation program at the 1983 reconciliation authorized level.

Developmental Disability

The Developmental Disability Program funds projects for activities in the areas of case management, alternative community living arrangements, early childhood development, and nonvocational social development. The program is important to us because it provides for advocacy, coordination, capacity building, prevention and some direct services for the handicapped. As expressed by many parents of autistic children and adults, the DD program has been a major focal point for assuring that the needs of the autistic population are being listened to. In particular, it has provided numerous grants for community residential facilities which serve adults and children with autism. Though there are no proposals this year to block grant the DD state grant program, the administration proposes a 41% reduction in funding. Furthermore, the administration proposes to eliminate the minimum allotment which would reduce some states by as much as 90%.

Such cuts would have the effect of (1) increasing reinstitutionalization of autistic adults and a deferral of transition from institution to the community; (2) decreasing the amount and number of matching state funds and cash in in-kind matching funds from grantees; (3) reducing or eliminating public education efforts.

With already severe financial strains on states, it can be expected that developmentally disabled people will fail to compete successfully for limited resources. To cut a program with statewide planning responsibilities when the entire organization of states' services is being altered because of block grant and budget cuts in related services not only deprives people of needed services, but also results in preventing them from making sense out of what remains available. We, therefore, urge you to support the FY 1983 reconciliation authorized level.

Conclusion

Throughout this presentation, we have asked you to support funding levels above those proposed by the administration. We have tried to provide you with the reasons why such funding levels are so important.

My concern for autistic individuals stems from my own experience and that of my son, Michael. I cannot tell you how frustrated I feel, and the parents of autistic children all over the country feel, that even with current funding levels, the existence of programs often depends upon the number of dollars we can raise by making our handicapped children the objects of charity.

Meanwhile, opportunities abound for our nonhandicapped children; they only have to take advantage of them. I don't believe that, for Michael to have the same opportunities as his non-handicapped sister Tracy, he should depend on other's charity. It is a matter of his rights.

This subcommittee has supported us well in the past. We ask that you continue to do so and to provide adequate funding for programs that will give our autistic citizens opportunities for independence and a life that can be lived with dignity and pride.

STATEMENT OF LUNDSFORD PHILLIPS, CODIRECTOR, MAINE INDEPENDENT LIVING CENTER

I appreciate this opportunity to express a view that is shared by many disabled persons on this matter of great importance. I thank you for accepting my testimony, and I shall be brief.

I am representing the severely disabled citizens of Maine. I, myself, am quadriplegic as a result of a spinal cord injury. I am currently employed as the Co-Director of the Maine Independent Living Center, having worked subsequent to my injury as an advocate for the disabled. My views are not self-serving; however, as I am enrolled in the University of Maine School of Law for the fall term and shall leave my current employment. Although I purport to represent only the disabled people with whom I am familiar, I think it is reasonable to assume that the opinions of disabled people across the country vary little on the subject of my remarks.

I wish to explain the concept, history and status of independent living and express opposition to the announced plans to "consolidate" independent living with training programs and special service projects.

Independent living is the bridge between the institution and the community. Independent living fills the gap between the "medical model" and the "social services model". Independent living enables a severely disabled person to live outside of an institution, and the purpose of independent living is to prevent or reverse unnecessary institutionalization.

Independent living involves all severely disabled persons, the physically impaired, the sensory impaired and the mentally impaired. Naturally the type of independent living services appropriate for these disabilities varies according to their needs.

Historically, there has not existed a middle ground between the institution and the community. The support services available in the community assumed a level of independence many severely disabled persons do not possess. Nevertheless, for many of these same persons, the support services provided by hospitals, nursing homes, and residential schools are more than they need. To be forced to accept a greater level of care than necessary is wasteful of human spirit and fiscal resources.

Recognizing the cost-effectiveness of independent living for severely disabled persons, the federal government drafted legislation establishing independent living centers and services. This legislation, Title VII of the Rehabilitation Act of 1973 was in four parts. The first and only part to be funded at this time is Part B. Part B was funded in FFY '79 at a level of two million dollars and enabled ten states to establish Title VII, Part B projects. These three year projects, of which Maine was proud to be one, are now drawing to a close, and they have proven their cost-effectiveness. Funding in FFY '80 and '81 at increased levels enabled more projects to be started.

While funding for independent living centers will still be available in the proposed budget, the consolidation of three entirely disparate programs such as independent living, special services and training is not, we respectfully submit, in the long-range best interest of habilitative and rehabilitative services.

We recognize the need to control spending, and it is not the level of funding with which we take exception. Naturally we would appreciate your support for a reasonable level of funding. But it is specifically the proposed "reorganization" which we request you review critically.

If this consolidation is approved within the budget you recommend, independent living will lose its place as a separate service on the continuum from hospital to community. While federal funding in the future may be problematic, we are hopeful independent living will be accepted by the human service community as a legitamate and valuable step in the habilitation and rehabilitation process. We are not asking this committee for money but for recognition. To remain separate within the federal budget will improve the chances a similar status can be obtained within state budgets. To be folded into the special purposes fund will deny the potential role of independent living and consign this important breakthrough to the miscellaneous category.

Thank you, Mr. Chairman and distinguished committee members, for this opportunity to plead the case of independent living. The action you may take to help us will preserve the excellent start independent living has made in filling a gaping hole in the support services for severely disabled Americans. Our country will suffer if this initiative to address unmet needs is thwarted. Your endorsement of this innovative approach to habilitation and rehabilitation will be hailed by the disabled community as far-sighted and compassionate and by the taxpayers as prudent and thrifty. On behalf of disabled persons nationwide we ask your favorable consideration of our request.

Thank you for your time and effort.

STATEMENT OF DR. WILLIAM M. JENKINS, PRESIDENT, NATIONAL COUNCIL ON REHABILITATION EDUCATION

Mr. Chairman and Members of the Subcommittee: My name is Dr. William M. Jenkins, President of the National Council on Rehabilitation Education (NCRE). I am Professor and Chairman of the Department of Special Education and Rehabilitation at Memphis State University, Memphis, Tennessee. The National Council on Rehabilitation Education, which has a membership of 72 universities, represents hundreds of individuals who work in rehabilitation education and research. The total effort of the NCRE is committed to upgrading the quality of services rendered to handicapped persons. I appreciate the opportunity to testify before this committee and submit our statement for the record.

IMPORTANCE OF REHABILITATION EDUCATION AND RESEARCH

Mr. Chairman, in February of this year the nation's governors met in Washington, D.C., to discuss many of the problems facing the states. A common theme of that conference was the importance of human capital, which the governors agreed required health care, education, and job training. The building of economic and human capital has always been the goal of vocational rehabilitation. However, our goal is made more difficult by the fact that we strive to create economic and human capital among the handicapped and disabled citizens of our nation. Job preparation and placement of individuals into competitive employment is a tough enough assignment with the non-handicapped unemployed, but when the individual has a handicap and is severely disabled the job becomes doubly difficult. Thus, rehabilitation personnel must have the critical skills necessary to provide qualitative rehabilitation services. Federal support is crucial for rehabilitation research and the pre and post training of such personnel as rehabilitation counselors, vocational evaluators, facility personnel placement specialists and paraprofessionals. Rehabilitation personnel training by its very nature is rigorous and lengthy because of the complexity of the rehabilitation needs of disabled persons. The administration-proposed budget cuts in the basic rehabilitation program in general and rehabilitation research and training in particular will have a devastating effect on services to disabled persons and on the professional education of rehabilitation personnel. These cuts will grievously effect the quality of services rendered to our nation's handicapped. To weaken a cost-effective program like vocational rehabilitation is a poor economic idea, and the taxpayer should not be asked to shoulder the cost of such a mistake. As you are aware, the Rehabilitation Act of 1973 and its amendments require that severely disabled citizens be provided quality rehabilitation services. Adequate provision of those necessary services is dependent upon well trained rehabilitation personnel. In the past Congress has not only shown their concern and support for effective rehabilitation services for the nation's handicapped, but has also recognized the need to provide for the training of rehabilitation personnel who deliver those services.

NCRE MANPOWER STUDY

Mr. Chairman, the NCRE has a number of Task Force Committees working toward the goal of enhancing the quality of education to improve the overall quality of services to handicapped citizens. One such Task Force has taken the initiative to conduct an in-depth survey related to rehabilitation education programs across this country. The study, which was accomplished through a committee Chaired by Dr. Glen Geist from the Illinois Institute of Technology, was designed to help determine where graduates of RSA-supported as well as non-federally supported long term rehabilitation education programs were being employed. Dr. Geist's study indicated that of the 175 identified programs, 105, or 61%, reported data regarding 3,389 graduates. The study showed that of these 3,000 plus graduates, 70.7% of the Bachelor's level trained personnel, approximately 90% of the Master's trained personnel and approximately 97% of the doctorate trained personnel remained in the field of rehabilitation. In other words, approximately 90% of those individuals who are trained by rehabilitation education programs remained in the field of rehabilitation. We consider this an outstanding record, indicative of the commitment of our graduates to the field of rehabilitation. A comprehensive needs assessment survey conducted by these same Task Force shows that the number of graduates each year is not keeping up with the need for personnel in the field of rehabilitation. In the current atmosphere of budget cuts, many potential students are being discouraged from selecting this field of study. If this is allowed to continue a critical shortage of highly skilled personnel will exist.

FUNDING LEVEL OF REHABILITATION EDUCATION

Mr. Chairman, since Fiscal Year 1980, funding for rehabilitation education has dropped by 34%. These cuts are hitting at a time of inflated educational cost. According to the US Department of Labor, college tuition since 1980 has risen at the rate of 12% per year. For Fiscal Year 1983 the administration-proposed budget of approximately $9 million for training to be included in a proposed consolidated pool including independent living, training and special projects represents a cut of 66% over Fiscal Year 1980. Mr. Chairman, in the present political and economic atmosphere it would be unrealistic to advocate total immunity from budget cuts; however, the cuts that have already taken place, not to mention the ones recommended for Fiscal Year 1983, will literally eat into the muscle and bone of our rehabilitation training establishment, and will effect the program for years to come. With these cuts we will see a steady decline in the quality of trained rehabilitation personnel and of vocational rehabilitation services to handicapped persons. Moreover, it is our feeling that administratively the handicapped can best be served if the Rehabilitation Services Administration and the National Institute of Handicapped Research remain in the Department of Education. Furthermore, it is our feeling that the administration's efforts to defederalize education and block fund rehabilitation programs would have a major negative impact on rehabilitation programs.

SUMMARY

Mr. Chairman, as we look toward the future with the hope of insuring that we have competent, professionally trained individuals who will deliver the many vital vocational rehabilitation services needed by our nation's disabled, it is important that we plan now for the future by training these rehabilitation professionals. Colleges and universities train the rehabilitation professionals who assist in our nation's economic recovery by helping the handicapped become workers and taxpayers instead of being dependent on welfare and other entitlement programs. NCRE is hopeful that this committee will support our educational efforts for the future by supporting the needed appropriations for Fiscal Year 1983.

JOINT STATEMENT OF THE AMERICAN OCCUPATIONAL THERAPY ASSOCIATION, AMERICAN PHYSICAL THERAPY ASSOCIATION, AMERICAN SOCIETY OF ALLIED HEALTH PROFESSIONALS, AND NATIONAL EASTER SEAL SOCIETY

The American Occupational Therapy Association, Inc. (AOTA), the American Physical Therapy Association (APTA), the National Easter Seal Society (NESS), and the American Society of Allied Health Professions (ASAHP) would like to take this opportunity to provide the Committee with a statement on the Administration's proposed FY 83 Budget. Our organizations all represent providers of services to handicapped children and adults. The FY 83 Budget cuts and subsequent proposed legislative changes will severely reduce the number of children and adults served as well as the number of providers trained to serve this population.

Our statement will deal with four programs of special concern to both the consumers of our services and our individual members and affiliates. We will highlight certain aspects of these programs which we believe should remain a priority of the federal government with funding levels equal to the 1983 authorization figures passed last year as part of the Reconciliation Act of 1981.

REHABILITATION PROGRAMS

Vocational Rehabilitation Basic State Grant Program:

The rehabilitation services program has demonstrated the effectiveness of federal and state cooperation in providing rehabilitation services to persons with disabilities. Since its inception in 1921, this program has assisted over 21 million handicapped individuals in their efforts to attain greater self-sufficiency and employment.

The Basic State Grant program, as authorized under Section 110 of the Rehabilitation Act of 1973, provides assistance to states in serving persons with physical and mental disabilities. The program provides persons with handicapping conditions with the opportunity to participated in an individual program of comprehensive services leading towards rehabilitation and employment. The Rehabilitation Services Administration (RSA) reports that in FY 1981, 1,490,000 persons were served by the program, of which 234,641 were successfully rehabilitated. Of these, approximately 50% were severely disabled individuals.

The impact of vocational rehabilitation services provided under this federal-state program is substantial. In terms of human benefit, rehabilitation usually means greater independence, mobility and self-esteem for the disabled indvidual. For the families of persons with disabilities, rehabilitation can mean relief from crushing physical, emotional and financial pressures. The fiscal advantages of the Basic State Grant program are as impressive. The rehabilitation of 277,000 individuals in 1980, meant an additional $88.8 million in Social Security payroll taxes, $99.3 million in federal income taxes, and $14.2 million in state and local taxes. About $40 million were saved because of decreased dependency on public assistance in the first year following rehabilitation. These figures are reported in the Fiscal Year 1980 Annual Report to the President and Congress on Federal Activities Related to the Administration of the Rehabilitation Act of 1973, as amended.) Even though the program places a priority on serving the most severely disabled individuals, at a higher cost per client, the cost-effectiveness ratio of vocational rehabilitation services is estimated to be almost 1:11.

Despite the substantial human and economic benefits provided by Basic State Grant services, the Reagan Administration is proposing to reduce FY 1983 program funding by about 33% of current spending. The President's budget request would fund the program at $579.5 million or at about 61% of the amount authorized under the Omnibus Reconciliation Act of 1981. According to figures released by RSA, if the program is funded at this lower level, only 138,000 persons could be expected to be successfully rehabilitated in 1983, representing a projected decrease from 1982 of approximately 64,000 persons.

Even if the program receives the authorized amount, $943.9 million, state rehabilitation agencies will be hard pressed to provide comprehensive services to every person in need of rehabilitation. The virtual elimination of the Social Security Disability Insurance and Supplemental Security Income Vocational Rehabilitation programs, which provided $124 million in FY 1981, means that 110,000 fewer persons will be served. The additional impact of inflation and the inordinately high costs associated with serving the severly disabled, continue to drain funds away from the provision of rehabilitation services.

The Administration proposals include a major reorganization of vocational rehabilitation program policy and structure. These efforts seem designed to diminish the role of the federal government in the provision of rehabilitation services. Already, the collection of program statistics needed for program evaluation and effective Congressional oversight has essentially ceased. This attempt to dismantle the existing framework of the vocational rehabilitation effort denies the tremendous accomplishment of what has been a successful federal-state partnership.

We urge Congress to reject the Administration's proposals concerning the Basic State Grant program. Funding in FY 1983 should be set at $943.9 million, the amount authorized in the Reconciliation Act of 1981. In addition, we recommend that the Rehabilitation Services Administration programs remain intact and that further efforts to undermine federal responsibility for vocational rehabilitation services be countered.

Vocational Rehabilitation Training Grant Program:

The Rehabilitation Training Grant program is an integral part of the Nation's vocational rehabilitation effort. The program promotes the training of qualified personnel to provide rehabilitation services to persons with disabilities.

Since it was established by Congress in 1954, the role of the program has changed and expanded to meet the growing needs of persons with disabilities and the increasing complexity and specialization within the rehabilitation field. Cutrently, the Rehabilitation Training Grant program objectives are: 1) to enhance the supply of qualified personnel available for employment in public and privated rehabilitation agencies serving persons with physical and mental disabilities; 2) to upgrade the quality of professional practice in the rehabilitation disciplines; and 3) to ensure that the basic skills and knowledge of personnel serving handicapped individuals are maintained and that opportunities exist to improve professional expertise.

The Rehabilitation Training Grant program supports training and education in a broad range of rehabilitation fields, including rehabilitation medicine, physical therapy, occupational therapy, speech-language pathology and audiology, rehabilitation counseling, rehabilitation facility administration, interpreters for the deaf, and personnel to train the blind. Long-term training in these fields constitutes the majority of the program budget. The remainder of the budget, approximately one-quarter, is directed at short-term training projects, such as continuing education, seminars and workshops in-service training, and research fellowships.

Successful rehabilitation programs administered by highly skilled professionals have assisted persons with disabilities in achieving independent and productive lives. Funds devoted to the training of qualified rehabilitation professionals are cost effective and clearly recovered through the tax revenues paid on the earnings of rehabiltated individuals and the savings associated with keeping disabled persons out of institutions. The quality of rehabilitation services and, subsequently, the degree of benefit derived from such services, depends heavily on the competence of the rehabilitation professional. According to the RSA, significant progress is being made by states in developing innovative programs in long-term training, indepedent living, mental health centers, and outpatient rehabilitation.

Funding for the Rehabilitation Training Grant program gradually declined over the past five years, from $30.4 million in 1977-78, to $19.2 million in FY 1982. The Administration's budget request for FY 1983 would place this program in a "special purpose fund", where the amount allocated to training would be determined by the RSA Commissioner. According to Department of Education estimates released in March, 1982, the amount designated for training in 1983 could be as low a $9.9 million. Consolidation with other programs and massive budget reductions would drastically erode federal support and influence with respect to rehabilitation training and education efforts. If these proposals are enacted, much of the progress made in training qualified rehabilitation personnel and, consequently, in the overall success of the vocational rehabilitation movement, will be lost.

The withdrawal of federal support is particularly ill-advised at this time. Studies indicate that certain rehabilitation fields will experience a shortage of trained professionals. The Graduate Medical Education Advisory Committee reports a near 100% shortage of physicians trained in rehabilitation medicine. Similarly, in recent years, the Department of Health and Human Services and the Department of Education have reported serious shortages of physical therapists and occupational therapists in settings serving handicapped persons. Data published by the Bureau of Labor Statistics documents a 50% shortage of occupational therapists during the 1980s and a need for 57.6% more physical therapists by 1990.

In addition, the population seeking rehabilitation services is becoming more difficult to assist. As the vocational rehabilitation programs increasingly concentrate on persons with severe disabilities and as individuals with less handicapping conditions are successfully rehabilitated, the remaining persons will tend to present different and more difficult problems, requiring ever more sophisticated levels of treatment. As a result, the demand for rehabilitation training to meet these changing needs within the disabled community will increase.

If the rehabilitation effort is to remain successful, the federal government must continue to be committed to the training of qualified rehabilitation personnel. Therefore, we urge Congress to reject any attempt to place the Rehabilitation Training Grant program in a consolidated special purpose fund. Instead, funding for FY 1983 should be set at $25.5 million, the amount authorized under the Reconciliation Act of 1981.

National Institute for Handicapped Research:

The National Institute for Handicapped Research (NIHR) promotes expanded research in both traditional and innovative fields of rehabilitation. The Institute also provides support for the dissemination of information acquired through such research and coordinates federal programs and policies relating to research in rehabilitation.

NIHR was established by bipartisan legislation in 1978. This legislation called for: 1) research directed at the special needs of children and the elderly; 2) efforts to test and distribute new technologies; 3) model systems of vocational rehabilitation and placement services; 4) a centralized disability data base; and, 5) research training. The Institute presently uses about 80% of its budget for conducting center-oriented research. Research centers focus on job assessment, job placement, and retention of persons with disabilities in employment. In addition, these centers foster research to improve the rehabilitation of individuals who have suffered a catastrophic disability, study the problems of persons with learning disabilities, and seek to develop technological devices which will enhance a disabled person's life. The remaining portion of the budget is devoted to discretionary grants, which focus on the dissemination of research findings and on public education programs pertaining to ways of providing for the rehabilitation of persons with disabilities. In 1981, the Institute supported 24 research and training centers, 15 rehabilitation engineering centers, and 31 research demonstration projects.

Although Congress originally established NIHR to stimulate research in rehabilitation, the failure to provide adequate funding has seriously threatened the achievement of this purpose. The Administration's budget request of $26.5 million for FY 1983, an amount 25% lower than that authorized under the Reconciliation Act of 1981, further undermines the Institute's ability to function in the meaningful manner which Congress intended. In order for the Institute to provide the leadership and resources needed in the area of rehabilitation, we recommend that Congress fund NIHR at $35 million, the amount authorized in 1981. This level of funding will enable the Institute to continue to support existing research activities and begin to promote rehabilitation research in the areas initially specified by Congress.

MATERNAL AND CHILD HEALTH

The Secretary of Health and Human Services has recently submitted to Congress a draft bill to incorporate supplemental food programs into the Maternal and Child Health (MCH) Block Grant. This consolidation calls for certain other significant changes as well. Our organizations are very concerned about the expected negative impact of the Secretary's proposals on the programs.

The MCH Block Grant program provides general health services to pregnant women, infants, children and adolescents, and specialized health services to handicapped youngsters. The mothers and children served by these programs would not otherwise have access to needed health care because of their limited financial resources or the lack of medical specialists and other health care professionals in the area in which they live.

Programs of physical and occupational therapy screening and treatment are essential in the overall habilitation and rehabilitation of children with multiple handicaps. The Maternal and Child Health Program supports a variety of agencies which provide direct multi-disciplinary services, including physical and occupational therapy, to handicapped children and their families, among which are:

- State Health Department programs providing "Crippled Childrens Services"
- Child Development Centers
- University Affiliated Progams*
- Pediatric Pulmonary Care Centers*

Large proposed funding reductions for the MCH Block Grant program in FY 1983 follow closely on the heels of drastic cuts in the 1982 budget. Programs designed to provide services for handicapped children have been particularly hard hit by these reductions. In 1982 state formula grants were reduced by 24% and the federal "set aside" decreased by 44%. It is now proposed that an additional $281 million be sliced from the 1983 budget. It should be noted that the Crippled Children's program was relatively underfunded for a number of years. Since funding increases over the past ten years have not kept up with inflation, the program has already actually suffered a 27% cut.

Physical and occupational therapists who work in the above-mentioned settings have repeatedly informed us of the debilitating effects which the present cuts have already had on the children served by these programs. Expanding the current MCH Block Grank by including the Womens, Infants, and Children (WIC) program and the Commodity Supplemental Food Program (CSFP) into a new Services for Women, Infants and Children Block Grant, without the addition of adequate funding, will only serve to futher erode the effectiveness of all the programs involved. Following are listed our particular observations and concerns.

Crippled Services Programs

These programs receive both federal and state money. Cuts in the programs have resulted in many children being underserved due primarily to eliminations of staff positions. One director of a physical therapy program in Delaware reported that in recent years different funding sources have "dried up," resulting in a 50% staff reduction. At the same time, the number of children served, most of whom are multiply handicapped, has remained constant. In this particular instance, six full-time physical therapists and one part-time are serving 300 children, an excessively high child-to-therapist ratio. Another physical therapist in Tennessee reported that cuts in the programs have resulted in the elimination of provision of wheelchairs. Further, these cuts, coupled with various Medicaid cuts, have forced the closing of a Crippled Childrens Hospital in Memphis.

---

*These, among other programs, are presently included in an appropriation "set aside", federally administered, and which is discretionary and totals 15% of the MCH Block Grant.

A physical therapist from Massachusetts, in addition to echoing the remarks of others about staff reductions, has reported that her state has lowered the maximum age limit and tightened financial eligibility criteria, thus reducing the numbers of children served.

Crippled Childrens Centers provide a unique "package" of interdisciplinary services. Handicapped children need such coordinated and centralized programs which they cannot receive through the offices of primary care physicians, who are frequently unable to provide the case management services which these children require. If these centers were not available, many children probably would have to be institutionalized, a process which frequently results in care of poorer quality being provided at higher cost.

University Affiliated Facilities

University Affiliated Facilities (UAF's) are regional centers whose purpose is to train practitioners and students of a variety of disciplines to provide expert evaluation and treatment to multiply handicapped children. Services of all types are furnished to 67,000 handicapped children per year through the interdisciplinary team method stressed at the UAF's. Physical and occupational therapy are two of the most frequently provided types of treatment services.

The MCH "set aside" funding supports training of UAF personnel and students who serve this population. UAF's incidentally, receive funding for administrative portions of their budget through the Administration on Developmental Disabilities (ADD) within the Office of Human Development Services/HHS.

Existing cuts in MCH "set aside" funding have already affected UAF's by resulting in drastic reductions in faculty and practitioner postions as well as traineeships to students. Thus, the population served by the UAF's evaluation and treatment services, community consultation, and professional training and research dissemination is greatly reduced. In fact, the Office of Maternal and Child Health will be making even more cuts in some UAF's very soon due to the drastic cuts in appropriations for FY'82. If the six presently-targeted UAF's are de-funded, large regions of the country will be unserved by a UAF, especially in the west. We urge you to support a proposal to amend the 1982 "Urgent" Supplemental Appropriations bill which will provide $3.5 million extra dollars for UAF's under the MCH program.

It should also be noted that the Office of Human Development Services has reported that the ADD has recently proposed to eliminate funding for many UAF's by 1983 and use those funds to double-fund others. Add funding for UAFs for 1982 also merits and urgent supplemental appropriation ($7.5 million).

We futher urge you not to support the provision in the Administration's draft bill which would eliminate the federal "set aside" of 10 to 15 % of the MCH appropriations. If approved by Congress, this provision would cause the demise of all UAF's and other MCH programs (see MCH Training and Research Section of this statement) as of FY'83. Thousands of handicapped children and their families would lose services thereby.

Pediatric Pulmonary Centers

There are eleven of these centers throughout the country. They too are funded by the federal "set-aside". Special diagnostic and treatment services are provided by physical therapists to newborns and older children who suffer respiratory problems caused by: pneumonia, asthma, cystic fibrosis, immunologic disorders affecting the lungs, and pulmonary problems resulting from neuromuscular/skeletal disorders. As with other programs mentioned above, cutbacks in staff positions and reductions in training support have been proposed. In fact, it has recently been learned that three Centers will be de-funded as of June 30, 1982. These further cuts, caused by the fact that the 1982 appropriation was slashed by 42%, if allowed by the Congress, would be devastating.

Training and Research

The only MCH source for funding the training of students and practitioners of various disciplines serving handicapped children is through the "set aside" administered directly by the Office of Maternal and Child Health. OMCH presently has discretion to use 15% of overall MCH appropriations for a variety of programs, including: genetic diseases projects, regional hemophilia diagnostic and treatment centers, projects of regional and national significance and applied training and research, including University Affiliated Facilities and Pediatric Pulmonary Centers. Note that the "set aside" is 15% for FY 1982, and for the following years is mandatory only to 10% and optional up to 15%.

As indicated above, the 44% reduction in the "set aside" for FY'82, has reduced training and research funds by almost 50%. Because of these cuts, no new appliciations for grants can be accepted, and some current grants will not receive future funds as promised in the orginial contract.

A project which resulted in the standardization of the Miller Assessment for Preschoolers (2-5 yrs) is one example of a nationally significant project funded by the 15% "set aside." The project involved 4,000 children in nine census geographic areas. The assessment instrument, which became standardized, is a short, but comprehensive screening tool that can be administered by educators and therapists to identify children who exhibit moderate preacademic problems. This test provided a major contribution to the field of preschool assessment and is now available throughout the country. Without federal funding, this instrument might have never been standarized, but more importantly, there would have been no mechanism to disseminate the information nationally.

The Congressional intent of training projects was to develop leadership skills in maternal and child health personnel and graduate students who will function in health services, training, or administration related to health care programs for mothers and children. The importance of the interdisciplinary team concept is stressed in the process.

The cuts that have taken place as well as those proposed in allied health professions training funded by other federal agencies compound the negative affect that the above-mentioned training cuts will ultimately have on available health care expertise to serve handicapped children in the future.

We urge you to ensure that all the MCH programs receive adequate funding ($373 million - the FY'83 Reconciliation Authorization) and to resist the proposal to eliminate the federal "set aside" or to add supplemental food programs to the present Maternal and Child Health Block Grant.

EDUCATION FOR ALL HANDICAPPED CHILDREN

Block Grant:

The Administration has proposed to block grant the State Grant Program (Part B), the Preschool Incentive Program (both under PL 94-142) and the State Operated and Supported Schools Program (Title 1, PL 89-313) and cut spending levels by 30%.

PL 94-142 has consistently been an under-funded program. The timing of the Administration's current proposal comes when states are having difficulty maintaining their current level of service. We believe the effects of the block grant and a 30% cut can only lead to severe cuts in services to handicapped children. Factors such as a state's tax base, commitment to handicapped children prior to PL 94-142, and political and special interest group pressure will lead to a host of different programs serving handicapped children. We believe services will not be determinded by the states' individual needs, but determined by dollars and power.

Although the Administration proposal is supposed to allow each state the flexibility to apply funds to programs with special priority or need, we believe the dramatic funding cuts will only result in less services in one or all of the programs being block granted. Therapists interviewed in Ohio and Michigan school systems, for example, report that when "related service" personnel leave the system in the middle or at the end of a school year they are not replaced. It's likewise common practice for school districts that are unable to replace the proposed federal funding cuts to give termination notice to special education and related service personnel.

Obviously without sufficient numbers of qualified personnel the needs of the states handicapped children cannot be met. Through the years many states and/or local educational agencies have developed appropriate therapist-child ratios to achieve expected therapy outcomes. A variety of therapist-child ratios have been developed depending on whether the service is consultation, group intervention or direct one-to-one service. These ratios have been a successful guideline for determining personnel needs. With the threat of new budget cuts, therapists report that they are now being asked to serve more children, a practice which has reduced the quality of service provided and in some instances has left children unserved. When therapists are required to see more children than they can properly handle, end of the year evaluations indicate that expected outcomes are not achieved. This regrettable result is directly attributable to the failure to provide adequate numbers of qualified personnel.

The regulations for PL 94-142 are being revised with the goal of removing administrative burdens and providing the states more flexibility. These new proposed regulations will be released soon and should afford the states the opportunity to spend more dollars on service and less on administration. We believe that change through the regulatory process should be given thorough review and trial before proposals to change the law and drastically reduce funding are considered.

We urge the Committee to approve appropriation levels equal to FY'83 authorization levels established by the Reconciliation Act of 1981 ($1,018 million for State Grants, $25 million for Preschool Incentives, $146.5 million for State Operated Schools Program).

Part D - Special Education Personnel Development

This section has suffered dramatic funding reductions in the past two years. Personnel Development has funded many highly successful nationally significant projects. One such project achieved the development and implementation of an advanced inservice training program for over 2,000 occupational therapists providing educational-related services to handicapped children. This project demonstrates the benefits of combining careful planning and financial resources from federal, state, local and private sources. A course equivalent to 3 graduate credit hours valued at $400 per trainee, was provided. The federal government expense for each therapist trained was approximately $87.00. Private funding was equivalent to federal funding, and state and local agencies supported the project with direct and in-kind contributions. Federal money not only provided seed money for a needed training program, but also offered a feasible and efficient a mechanism for training 2,000 therapists in all 50 states and the District of Columbia and Puerto Rico.

We believe this is but one noteworthy example of the cost effective use of federal funds. In order to ensure continued federal support for similar activities, Part D funds must be maintained at their 1983 authorization levels ($58 million).

ALLIED HEALTH EDUCATION

Student Assistance

The Administration's proposed cuts in student federal aid for the 1983-84 academic year (representing a 56 percent cut from the levels of last year's Reconciliation Act and a 50 percent cut from current 1981-82 academic year funding) would be especially devastating to allied health professions students and the allied health professions themselves.

Consider first, in this regard, the size of the allied health student population: According to a recent survey of the American Society of Allied Health Professions, about 9 out of every 100 graduates of accredited U.S. two-year and four-year colleges and universities are products of allied health education programs. In 1980, some 163,500 students received a degree or an academic certificate from the 8,088 allied health programs situated in more than 1,500 American colleges and universities.

Consider next the makeup of the allied health student population: Only the rare allied health student is a member of high-income-strata family; the overwhelming majority of such students are from mid- to low- income families whose abilities to facilitate the participation of their children in higher education programs depends, to a very great extent, on the continued availability of federal student aid. Significantly, 9 percent of all students enrolled in allied health programs are black; 3 percent are hispanics--higher representations than in professional preparation programs in medicine, dentistry, and nursing.

Consider finally the health-care marketplace need for graduates of allied health education programs. Several years ago, the Health Resources Administration's Bureau of Health Professions reported to Congress (HHS Pub. No. HRA 80-28, December 1979) that there were significant national shortages in such key allied health professions as: physical therapy, occupational therapy, speech pathology, audiology, respiratory therapy, dietetics, radiation therapy and formally trained dental assistants, and the "local or transitory shortages," reflecting "local market conditions sometimes aggravated by geographic maldistribution," existed in a variety of other professional categories. The Bureau added that hospitals and other service-delivery employers encountered special difficulties "in filling critical allied health positions which require highly qualified personnel or exceptional skills," This inability to recruit qualified supervisors or professionals with specific clinical skills, the Bureau said, "may prevent patient access to a full range of services in a timely fashion."

More recent data indicate clearly that these shortages persist. The American Hospital Association reported earlier this year that the hospital vacancy rates in a number of key allied health professions approach the critical rate of nursing vacancies; the vacancy rate in one key profession (physical therapy) exceeds the rate of nursing vacancies. The national offices of single-discipline allied health professional organizations report dramatic increases in requests for manpower data from hospitals and other employers facing serious difficulties in filling critical allied health positions. These demands will be exacerbated by the separate impacts of the projected reduction of the nation's physician supply, restrictions on foreign medical graduates, the emerging allied health role in disease prevention and health promotion, and the needs of a greatly expanding elderly population.

Unlike schools devoted to the training of physicians, nurses and virtually all other health professionals, which schools, until recently, have received very substantial federal capitation support, allied health schools have operated for years without capitation, relying principally on tuition revenues for their existence and growth. Should Congress further diminish federal student-aid support, a significant number of the 8,088 allied health education programs will be compelled to close their doors.

Institutional Support for Allied Health Education

Despite the fact that allied health professionals make up nearly two-thirds of the nation's health-care workforce, their educational institutions have been accorded, since the 1966 enactment of the Allied Health Professions Personnel Training Act, a mere 4 percent of the total federal investment in Health Resources Adminstration-funded manpower training and development. Last year, Congress lumped the needs of Allied Health Education with some 23 other interests in the catch-all Section 788 of the amended Public Health Service Act, thereby suggesting that Allied Health Education should wrestle with the other interested parties for a fair share of the meagre $6 million authorized by the Section.

Our plea is a simple one--that Congress appropriate the full $6 million authorized for Section 788 for use solely in Allied Health Education initiatives designed to promote healthfulness and prevent disease. This request is not inequitable--the support of the other disciplines and interests defined in the Act can easily find support authorization in other Sections of the Act. The interests of allied health schools are recognized by none of the Act's other sections, nor can they or are they likely to be served by broadly defining other of the Act's authorizations.

The Section 788 authorization is the only potential support for allied health education. Given the persistent shortages in critical allied health professions, there should be no doubt that we need it all. We feel strongly that Congress should reverse its previously inequitable treatment of allied health education.

The constituencies of the four national organizations represented by this joint statement look forward to your full support of all the programs described above and in the preceding pages.

RELATED AGENCIES

Statement of Lawrence K. Grossman, President, Public Broadcasting Service

I am grateful to you for inviting me to be your keynote speaker for this National Telecourse Conference. It is a tribute really to Bill Reed and Dee Brock who, in the course of one experimental year, have placed PBS squarely in the national leadership of the adult learning movement. We look upon PBS's adult learning effort as one of our proudest accomplishments this year, and certainly as one of our highest priorities and greatest opportunities for the future. We have become zealots in the great cause of adult learning through television and we intend to explore every avenue and use every possible resource to further that cause.

I would like to talk to you this morning about the partnership between higher education and public television. We share a great deal in common -- a common mission and purpose, a common danger to our survival, and a common future and promise. I would also like to share with you my perspective about the so-called telecommunications revolution, offering some words of caution and skepticism about its promise vs. its performance. And finally I would like to suggest some directions for a closer and inevitable alliance, indeed a fusing of public television and higher education.

Those of us in public television and those of you in higher education share a common mission -- to know ourselves and all that is around us. To enlighten, to inform and to educate. We share a conviction about the direction for our future -- to expand, improve and enhance adult learning. And we share a present day dire financial threat to our ability to satisfy our civilizing purpose and mission. Together we can overcome those temporary financial cutbacks -- to public education and to public broadcasting.

The fact is that your greatest opportunities lie with our growing audiences. There is a revolution going on in post-secondary education today. One part of that change is taking place on campuses. The graying of higher education may be an overstatement but the student body is certainly getting older. One-third of all students enrolled in credit bearing courses in colleges and universities are now over 25 years old. The number of students 35 years and older has increased 37% in the last five years.

And it is this older student who has saved higher education from the declining enrollments and closing doors that the educational statisticians have been warning about for years. As the last of the baby boom generation was graduated from high school, there would certainly have been a drastic drop in enrollments without the new adult audience. However, rather than the declining numbers predicted by many, the enrollments last fall showed a modest increase. And the adult learners who account for these increased numbers will continue to swell college enrollments if post-secondary institutions can develop programs and implement delivery systems to attract and serve adult students. The U.S. Census Bureau predicts that if the current trends continue there will be as many students over 25 as there are under 25 by the end of this decade. By the year 2000 over one-half of the population of the nation will be over 50 years old.

Still another trend is the increasing number of part-time students on campus. While full-time enrollment is declining across the board, part-time enrollment is going up. Part-timers increased by over 3% last year. A full 72% of all post-secondary students over 25 years of age are now part-time students.

The second part of that revolution is going on off campus. In Americans in Transition, a recent College Board publication, the authors identified over 60 million adults, age 25 and over, as learners in 1980. More than 30 million of those learners were involved in career training and development studies but only 30% of them were learning through colleges and universities. Thus, even though adults are flocking to colleges and universities to attain degrees and to take courses (most of which have some job or career goal at the end), a far greater number of them are learning elsewhere.

Peter Drucker, in a much quoted speech delivered last year, predicted that continuing education, which is adult learning that is aimed at professional development or career training, would soon be a third tier in higher education. Actually, Drucker was behind the times. In 1980 continuing education had ascended to the first tier of higher education. In 1980 about $65 billion was spent on all higher education in the United States, while more than half that amount, between $35 and $40 billion, was spent on continuing education, according to the American Society for Training and Development.

How and by whom was this money spent? The American Association of Higher Education reports some 40,000 business seminars in 1980. The American Management Association alone enrolled 100,000 students in 32,000 seminars in 1980. The American Telephone and Telegraph Company spent $700 million on employe training; and the federal government spent $238 million on personnel training, not counting the military services. These are just some of the events that have led the National Center for Educational Statistics to predict that $2.2 billion will be spent on management training alone in 1982.

Yet the fact remains that colleges and universities have not yet taken the major role in this learning revolution, for only 30% of all adult learning -- credit and noncredit -- is associated with post-secondary institutions. The other learning activities are associated with on-the-job training, professional and trade associations, proprietary groups and study undertaken by students on their own. One possible consequence, according to a forecast by the Bureau of Labor Statistics, is that by the year 1990 the number of college and university faculty will be down by 10% even while the number of adult students will be up by 18%.

There is a great opportunity here -- for you and for us. The revolution in television holds great promise for helping colleges and universities to find solutions to some of the problems of serving adult learners, full and part time, on and off campus, in ways that meet their needs and fit their schedules. As I've said, your new students are our new audiences. The present public television audience mirrors the U.S. population in terms of education, socioeconomic status, occupation and race. And it is a rapidly, dramatically growing audience. Today, more than 90 million people are watching public television each and every week -- over half the nation's television homes. While the commercial network shares have declined by 15% in the past five years, public television's audience has increased by 70%; 85% during prime time alone. So much for the contention that public television is viewed only by a small elite segment of the population. We are serving and want to serve the same people as you do.

Only 18 months ago PBS staff began to work to organize an alliance in higher education with Coast Community College, Dallas Community College, Miami-Dade Community Colleges and the Southern California Community College consortium, among others, and with public television stations -- to develop a partnership between higher education and public television for the delivery of adult learning services. The plan calls for adult learning in its broadest sense: college credit courses, informal learning, professional and career training. The partnership is a natural and a thriving one, for public television has always been involved in education. It just took the national impetus to bring it to a new level of awareness and activity.

This past year, the first year of PBS's Adult Learning Service, 220 public television stations have worked in partnership with over 500 colleges and universities to deliver television courses that will be taken by some 50,000 students for credit by June. That's some accomplishment for the first academic year! Even more remarkable is the fact that, according to a special study just completed by the Nielsen Company and PBS Research, 650,000 people each week viewed the telecourses distributed by PBS. Clearly, we have a good start in achieving our mutual goals of serving new students and new audiences through public television.

Indeed, we have been so encouraged by the response that adult learning at PBS is being enhanced and continued on a self-supporting basis. Looking to the future, public television is exploring new ways to deliver educational services, including our proposed National Narrowcast Service, PBS/Cable and initiatives in computer assisted instruction. Which brings me to the impact of new technologies on our efforts. We've heard much of the promise and excitement of new telecommunications opportunities. I would suggest, however, that current enthusiasms are leading to immoderate and unrealistic expectations. We've seen it all before. Half a century ago radio was introduced as the "magic music box" that would bring Mozart to millions and spread unprecedented enlightenment from city to hamlet. After World War II television arrived with the promise of being "the saving radiance in the sky" that would deliver Shakespeare to Sheboygan and turn every living room into an opera house, theater, concert hall, museum, library, classroom and political soap box.

Today the dramatic transformation of television by satellite, cable, cassette and disc is bringing forth once again a barrage of blue sky forecasts about educational, cultural and informational wonders to come. On Wall Street the new media are the big money favorites. In Washington, telecommunications policy makers assure us that we are about to enter an era of abundance in which hundreds of television channels will entertain, inform, educate and uplift us in ways never before dreamed possible, all in the safety and comfort of our own home.

My own expectations from the new television abundance are considerably more modest. My crystal tube is clouded over by the lessons learned from similar recent media transformations of radio, magazines, books and newspapers. Present day economic and structural changes in those industries suggest that technological abundance by itself, far from making things better, too often changes them for the worse.

I happen to believe that the main impact of the new media technologies on public television will be to make public television even more important in the future than it has been in the past. That is the good news. The bad news is that public television will be so important in the future because the new television technologies are more likely to dilute the quality and character of education, the arts and information than improve them. Public service television will still be needed as the countervailing civilizing force on our most pervasive and influential medium of communications.

My own forecast is that the proliferation of channels will spawn a gigantic supermarket of commercial programming that is slickly designed, carefully packaged, plentifully displayed, heavily merchandised, and overwhelmingly bland and easy-to-digest. The evidence so far demonstrates that the actual product of the new media expansion does not measure up to its exuberant promise.

Take radio. During the past 25 years radio stations, especially on the FM band, have multiplied dramatically in virtually every community. Yet commercial radio's programming diversity and quality have markedly declined not improved.

Today, scores of radio stations, broadcasting a variety of program formats, can be heard in almost every home in the United States. But apart from public radio there is no radio drama, no radio educational programming, hardly any original performing arts on radio, hardly any major documentaries, few quality programs for minorities, fewer for the elderly, none for children. A technology of abundance, far from enriching and expanding radio's programming choice, has managed to shrink it drastically. Will the technological explosion have the opposite effect on television? I very much doubt it, unless you in education and we in public television do something about it.

That doubt is reinforced by a similar trend in publishing. Take magazines. In a business once dominated by Life, Look and the Saturday Evening Post (the print antecedents of ABC, CBS and NBC), the proliferation of special interest magazines was greeted as evidence of an educational and cultural publishing explosion. However, one look at the kinds of titles that fill today's magazine racks suggests the kinds of programs that will be filling the new multiple highways of television. They tend to be narrow tributaries off the mainstream: movies, gossip, sports, pop entertainment, news, money, sex and other leisure-time pursuits.

What of the hoped for profusion of political, artistic, educational, philosophical, cultural, literary and quality magazines for the general public? In today's high-powered marketing environment these are either dead, dying or desperately trying to stay alive by, of all things, converting to tax exempt not-for-profit corporations.

The same trend is, if anything, even more pronounced in book publishing whose paperback revolution began at least 50 years ago. The venerable privately owned publishing houses have largely faded away. As Thomas Whiteside demonstrated in his book, The Blockbuster Complex, publishers now focus almost entirely on the blockbuster best-seller at the expense of "less profitable but artistically more meritorious works." In commercial publishing fewer but bigger is the catchword. For books, as for radio and magazines, more has come to mean less. The university presses and educational publishing have become more necessary than ever to preserve our highest values.

A similar evolution is taking place in the newspaper business. Many of the biggest circulation dailies, once thought to be invulnerable, are now in deep financial trouble. The Washington Star and the Philadelphia Bulletin have already folded. The New York Daily News and Chicago Tribune are seriously ailing.

This same pattern of fragmentation and dilution which has recently characterized other media has already begun to make its mark on American commercial television. The rise of UHF channels and cable's distribution of distant signals have brought about more programming specialization, with individual stations concentrating on news, sports, movies and packaged entertainment series. But that very specialization, caused by the increase in number of channels, has also caused a severe decline in the actual diversity and quality of commercial television programming. In the future, when every community will have dozens or even hundreds of channels, television audiences will be so fragmented that commercial broadcasters will no longer be able to afford any major drama, quality children's programs, original performing arts, significant public affairs documentaries, or serious educational programming. Television will become like radio.

We see that same trend happening already even with the new cable program services. The cable services first sprouted with ambitious promises to provide culture, news, sports, children's programs, women's programs, minority programs. But economic reality has set in early. As Newsweek recently reported,

". . . cable television's nascent cultural revolution is confronting an economic crisis that threatens to strangle it at birth." Despite the great promise of programming diversification, virtually the entire financial underpinning of cable, subscription TV and the video cassette business rests on movies, boxing matches and pornography. The new electronic highways, even more than the old, are bringing us prize fights before prize drama and centerfolds before serious music.

All of which brings me to my final point -- the direction of our alliance. We must seize the opportunity to use technologies to expand the best that civilization has to offer. If public television and higher education do not do it together, nobody will. The synthesis of television, satellite, computer and cable does offer extraordinary opportunities for education. It brings unprecedented resources to every campus, reaching throughout the nation and throughout the world to make available the greatest teachers, reference material, data and unlimited information with the push of a button. It extends the opportunities heretofore restricted to the campus to students at home and at work. It offers two way communication -- feedback to and from specific audiences. It permits new and dramatic techniques for bringing information and understanding. It offers new opportunities to serve a population equipped with a new kind of literacy and experience -- television literacy and computer literacy. Video games, remember, are one of the fastest growing phenomena at home, on campus and in amusement arcades.

All this serves to outline the nature of our growing alliance. We in public television have the highways, the satellite links, the audiences, the capacity to reach out, the experience in production and use of the new forms. You in higher education set the standards, determine the content, provide the accreditation, offer the evaluation. Both of us share the mission, the dedication to higher values.

Since the beginning of civilization, the arts, culture and education have been kept alive by the patronage of the church, the crown or the state. We mark the quality of every society by its legacy of support for those civilizing institutions. Together, we must fight to keep that support in order to make our society worth living in. Today that legacy must be sustained by a partnership of the educational institutions and the arts institutions, connected to the people by public television. This is a powerful alliance that can exist to make available to all the very best our civilization has to offer. Such a goal is within our reach for the very first time. It is tempting to hope that this responsibility will be embraced automatically by the new technologies in the marketplace. But the evidence so far offers little encouragement. Whatever diversification the new technologies will finally bring is diversification for profit, an estimable but limiting goal which determines what is done only by what will sell.

I do believe that great new opportunities will emerge from the new technologies. But I have no illusions. Efforts to disseminate the arts, education and information to all will be even more of a struggle in the future than in the past. As these avenues of communication expand exponentially, we have the responsibility to see to it that the babel of commercial voices filling its hundreds of channels will not drown out the values we cherish most. Which is why the nation shall have to depend to an even greater extent on you and on us to play a vital civilizing role. That, in the end, is what your conference is really all about.

Thank you.

Notes on Public Television Station Reductions in Services Due to Cuts in Federal Funds to the Corporation for Public Broadcasting

Of the funds to the Corporation for Public Broadcasting (CPB), about half go in formula Community Service Grants (CSG) to local public television stations. The cut in CPB funds from FY1982 will be $35 million in FY1983 (25%), and as much as $67 million (40%) in FY1984. Here are notes from several States indicating steps that the local public TV stations will take to cope with these cuts.

Alaska:

KYUK, Bethel reports reduced outside program purchases. No expansion will result. KYUK has been funding local public affairs programs, such as an Eskimo program. The increased interconnection costs may affect their ability to do that show. The cuts will be felt even more in FY1984.

KAKM, Anchorage predicts that the $90,000 reduction in CSG from FY1982 to FY1983 will be made up only 1/2 through local support. As a result, for example, the station received capital grant from Alaska to equip a new van but station may not be able to employ enough staff to operate it--not even part-time help. They used to broadcast public hearings/meetings twice a month, now only have one per month.

Connecticut Network has cut Saturday morning programming and one evening news program.

Florida:

WTHS-WLRN, Miami reports local programming will become more important. They will have less minority programming, and less programs from PBS. Instructional programs from regional networks will be dropped.

WUFT, Gainesville will be all right for FY1983, but more problems in FY1984. Cuts will come in local programming. They now have 1/2 hr. nightly news program and 1/2 hr. local "magazine" program. Anticipates cuts of 50%-75%. Reduction in staff for local programming; probably just not do any re-hiring when vacancies occur. Spending $225,000 for acquisition of outside programs but will reduce that to only $180-200,000 by FY1984.

Hawaii Network:

They have purchased 23 programs for FY1982; for FY1983 they have only purchased 15.

Oregon:

KSYS, Medford--For FY1983, they will eliminate all daytime school television. Station has notified school superintendents that they will not have TV this fall unless other funds become available, which is unlikely. (Station pays ITV out of own budget, get no money from schools.) They are only station in Pacific Northwest (Oregon, Wash., and Idaho) that receive only money based on viewer support. They receive no state funds (as does the Oregon Network), and no local, city, or county funds. They will lose CEDA program which has a payroll alone of $65,000. (Difference between FY1983 and FY1984 will be a loss of $30,000 for station.) They will have to curtail local programming. They do Southern Oregon Symphony concerts and that will be eliminated because they don't have (CEDA) staff to do it. Membership money is dependent on PBS programming. They are on-air now 16 hrs. per day. This fall they will be on-air 4:00 pm-Midnight only. Staff is 12. This fall station will be at level where they were five years ago when station began.

Pennsylvania:

WITF, Hershey--At FY1983 level, they will have a $177,000 loss for radio and TV. They had a $3.5 million building project that the Board scrapped and opted for only $1.5 million "recycling" of a school building for facilities. At this point personnel cutbacks only a possibility. He feels more trouble in FY1984; he feels the program quality will go down, thus viewer support will go down.

WVIA, Scranton-Wilkes Barre received a $447,000 Community Service Grant during the current year with a federal appropriation of $172 million. That is approximately 24% of the total budget. The effects on WVIA's budget in actual dollars will be:

- Lost federal funds in FY1983 (at the $137 million level) of $100,000.
- Lost in FY1984 (at the $105.6 million level) will be $206,000.
- Lost in FY1985 will be $239,000.

Obviously, WVIA will have to cut expenses and increase income. The areas where cuts can be accommodated are limited and will probably focus upon personnel, local production and program acquisition.

In order to realize a 10% real dollar savings in personnel costs, 16% of the staff would have to be released. That reduces staff to a very low level but saves about $53,000 (or approximately 50% of the first year's loss). This is an exercise which cannot be repeated in FY1984 when the loss more than doubles or there will not be sufficient staff to operate the station.

Naturally, some of the lost funds can be replaced thorugh other fund-raising efforts. Three Pennsylvania stations (WHYY/Philadelphia, WQED/Pittsburgh and WQLN/Erie) are participating in the advertising experiment to see if additional monies can be found. It will be a minimum of two years, however, before it can be determined whether any alternative sources can be found that will provide meaningful funds for the support of public broadcasting. In the meantime, WVIA has projected that increasing memberships, auction income and underwriting by 5% to 10% per year will still leave them with a budget of $100,000 less at the end of five years. That is without factoring in anything for inflation.

South Dakota Network:

Cut 5 administrative people. Have money left only to purchase PBS programs. Can buy no other packages from independents. Can purchase only limited Central Educational Network programming. No purchases of school lessons.

Wisconsin:

WMVS, Milwaukee--Reduction of $250,000 in CSG from FY1982 to FY1983-84 will cause reduction in number of minority series; and they have one minority series that will be scrapped. They were doing six Milwaukee Symphony concerts per year, now will only be able to do four. They were hoping to replace their TV station remote truck but will not be able to. With reduction in PBS series, they will do more repeat programming which will result in drop in quality. They will have to curtail by 15% remote programming. They will have to do more on-air fund-raising, more scrambling, and seek other sources of income. They will also eliminate two production positions. In addition to federal cuts, they will have additional cuts amounting to $400,000 from Milwaukee Area Technical College (station's parent organization).

STATEMENT OF THE UNITED NEGRO COLLEGE FUND

Mr. Chairman, members of the Subcommittee, the United Negro College Fund respectfully submits this statement for the records.

The United Negro College Fund respectfully urges full funding of Title III as recommended by the House of Representatives at a FY'83 level of $139.6 million. We are grateful that the Administration continues to support Title III and the new Challenge Grant program. UNCF feels the Challenge Grant program offers a special challenge to postsecondary institutions to match federal funds with private and state funds. This program will be of monumental assistance not only to small, private institutions which do not have the enormous financial base as the larger private institutions such as Harvard, Princeton, or Stanford, but also to the public institutions. Under this program, the small institutions will be able to increase their independence from the need for federal funds for general operating expense purposes.

Rationale

Failure to fund Title III at the $139.6 million levels could potentially have the following negative effects on UNCF institutions and undercut the positive progress being made at UNCF institutions in the following areas:

- Enrollment: In the past ten years, the average enrollment per UNCF institution has increased 11.9 percent, attritutable to Title III, while the average enrollment at private four-year colleges nationally increased only 2.3 percent during the same period. The average enrollment per UNCF institution rose from 972 in 1969 to 1,009 in 1980; private four-year colleges nationally increased much less during the same period.

- Endowment: The average endowment per student at UNCF instititons rose 39.4 percent between 1971-72 and 1979-80. At private four-year institutions nationally, the average endowment per student increased about one percent.

- Curriculum Development: Private Black institutions have managed to restructure their curricula in the past decade to meet the newer distribution of job opprotunities for Blacks in the labor market. In 1980, almost one-fourth (24.2%) of degrees earned were in business administration, more than three times the 6.8 percent of graduates at our institutions receiving business degrees in 1968. Fifteen UNCF institutions offered and awarded degrees in the health professions in 1979-80, compared to only two in 1969; the number of communications majors jumped from 22 as of 1974-75 to 187 in 1979-80; and

26 UNCF institutions have established dual degree engineering programs in cooperation with engineering programs in cooperation with engineering schools. Prior to 1967, no such programs existed.

- Title III has helped to improve our management capability by providing funds for participatory planning, management, and evaluation systems.
- It has enabled the colleges to operate such programs as Faculty Development, Counseling Services, Career Planning and Placement, Bio-Medical Programs, Student Recruitment Services, Student Personnel Services, Specialized Instructions, Long-Range Planning, Cooperative College Development, Test-Taking and Learning Skills, Learning Resource Centers, Freshman Studies Programs, and Institutional Research.
- In the Student Service area, improvements have been made in counseling, testing, and financial aid. Funds have provided for cultural enrichment activities and Living-Learning Centers have been used to provide additional exposures for students.
- Faculties: The faculties at UNCF institutions have always been interracial and underpaid. Yet, these institutions have been able to attract instructors with advanced degrees. Of all full-time members, about 60 percent are Black, 30 percent white, and 10 percent other. Faculty salaries, of full-time professors, are about 25 percent lower than the national average at colleges and universities. Of all full-time faculty members, approximately 40 percent hold Doctoral degrees.
- In testimony of the effectiveness of UNCF faculties, they start with the high proportion of students coming from disadvantaged backgrounds and/or inferior high school systems. However, these UNCF instructors prepare their students so well that many are accepted at top-rated graduate schools all around the country.'

In summary, it is important to stress that Title III has been an effective program especially for colleges that participate each year. It has meant the difference between closing the doors and denying many young, bright minded students a chance to succeed at an institution of their choice, and surviving. Surviving by assisting students with the care and attention they need to become achievers. Surviving by giving low-income students a chance at a sound education they can depend on throughout life.

These are the goals that students depend on us to deliver. These are the goals that our institutions deliver.

STATEMENT OF DR. LOUIS W. SULLIVAN, PRESIDENT AND DEAN, MOREHOUSE SCHOOL OF MEDICINE

Mr. Chairman and Members of the Committee, I am Louis W. Sullivan, M.D., President and Dean of the Morehouse School of Medicine--the first and only predominantly black medical school to be established in the United States in the 20th Century. Since its inception in 1975 as a medical program within Morehouse College--the nation's premier historically black private college--Morehouse has emerged as an independent, fully accredited, two-year medical school. In tribute to its tradition of academic excellence, Morehouse has graduated its students on to successfully complete their medical studies at such prestigious schools as Emory University, Brown University, Howard University, the Medical College of Georgia, the University of Alabama at Birmingham, and Louisiana State University. In 1985, Morehouse is scheduled to award its first 4-year medical degrees.

These significant achievements of the Morehouse School of Medicine are the result of a unique combination of federal, state, county, city, and private resources contributed in the best of American traditions. Financial support for the School's activities has come from many quarters, including the Federal government, the Georgia State government, the American Medical Association, the dedicated men and women who served on the School's Board of Overseers and who presently serve on the Board of Trustees, the black physicians in Georgia and from around the nation as well as numerous private corporations and foundations. Through the collective support and encouragement provided by these individuals and organizations, the Morehouse School of Medicine has been able to nurture its mission to train family physicians to serve primarily minorities and the poor in inner cities and rural areas of the nation.

With this information as background, I would like to take this opportunity to comment on the Administration's Fiscal Year (FY) 1983 Budget Request for the Institutional Aid Programs authorized by Title III of the Higher Education Act of 1965, as amended. Established in 1980, the Title III programs are to provide financial assistance to help developing institutions of higher education to solve problems which threaten their ability to survive and to stabilize their management and fiscal operations so they may achieve self-sufficiency. In general, eligible recipients are institutions which are providing higher education to substantial numbers of students from low-income families and which do not yet have the capacity to carry out such activities as providing adequate management, improving academic programs and student services, or upgrading the quality of their faculty.

Under Part A ("Strengthening Institutions Program") and Part B ("Aid to Institutions with Special Needs Program") of Title III, both 2-year and 4-year public and nonprofit private institutions of higher education are eligible for funding. Part C ("Challenge Grant Program") of Title III extends eligibility also to certain graduate schools and medical schools, like the Morehouse School of Medicine, which make a substantial contribution to medical education opportunities for minorities and the economically disadvantaged.

These grants have been instrumental in helping minority institutions to develop the basic strengths necessary to attain financial stability and academic excellence. Moreover, an important objective of these programs is for participating institutions to increase their self-sufficiency so they eventually will become independent of Federal support. For the "Challenge Grant Program," in particular, institutions are provided a one-time grant for up to 5 years on a 50-50 matching basis. Both the nonrenewable and matching aspects of this program encourage institutions not to rely on Federal support for extended periods of time and to enlist assistance from the private sector. Based on this cooperative effort, the "Challenge Grant Program" promotes self-sufficiency among its participating institutions.

In the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), Congress authorized $129.6 million for each of the fiscal years 1982, 1983, and 1984 to carry out the statutory requirements of the Institutional Aid Programs. In particular, the Conferees specifically agreed to authorize $9.6 million to fund the Part C, "Challenge Grant Program" of Title III. Under the continuing resolution, funding for these programs was reduced by approximately $5 million, resulting in $57.6 million being provided for each of Parts A and B, and $9.216 million for Part C.

For FY 1983, the Administration has proposed raising the authorization for these programs back to the FY 1982 level of $129.6 million. Specifically, $60 million would be provided for each of Parts A and B, and $9.6 million for Part C. This reinstatement of funding for the Institutional Aid Programs is consistent with the budget authority originally approved by Congress in the 1981 Budget Act as well as the President's recently announced commitment, pursuant to Executive Order 12320, to maintain and enhance Federal funding for traditionally black institutions of higher education. In sum, the Morehouse School of Medicine wholeheartedly applauds the Administration's recognition of the need to maintain support of institutions which make a substantial contribution to educational opportunities for minorities and the economically disadvantaged, and we recommend that this Congress accept the Administration's proposal to fund the Institutional Aid Programs at $129.6 million for FY 1983.

STATEMENT OF THE ASSOCIATION OF AMERICAN PUBLISHERS

The Association of American Publishers (AAP) is the general association of book publishers in the United States. It comprises Professional and Scholarly Publishing; College; International; Direct Marketing/Book Club; School and General Trade divisions. Our some 300 member publishing houses produce the vast majority of general trade, educational, reference, professional and religious books published in this country and found in the nation's libraries as well as considerable related audio-visual materials.

Introduction

We are aware both of the budget crisis and the necessity to keep Federal expenditures at modest levels. As for-profit companies, we are also aware of the desirability of a tax burden that does not inhibit savings and investment. And we are cognizant of the effect on interest rates of high Federal deficits.

But we are also aware that Department of Education programs which were funded at $14,895,237,000 in FY 1981 were reduced some 15% to $12,978,531,000 for the current year. We view the additional reduction of some 23% from the FY 1982 level contained in the President's FY 1983 budget and the even lower projections for FY 1984-86 contained in the February 8 budget message as going well beyond a fair share of Federal belt tightening. Rather, it signals a reversal of Federal education politcy which has become well established in both Democratic and Republican administrations.

Our testimony reflects both an awareness of the need for budget restraint and the need, at the very least equally compelling, for minimum Federal expenditures for vital education and library programs. Both machine tools and education are captial investments. Both guns and books must stock any effective arsenal of democracy.

While we are concerned with all education and library program funding, in the interests of practicality this testimony is necessarily confined to a limited number of issues of special interest.

While our testimony is particularly directed to specific education programs where we have a unique concern, we do wish to take the opportunity in this preface to urge favorable consideration for all education programs, especially those, such as the National Center for Education Statistics (NCES), that do not have their own vocal constituency. The NCES is by law required to "assist state and local educational agencies in improving and automating their statistical and data collection activities". Publishers regularly utilize the data supplied by NCES; the agency is an important resource. In addition, NCES data also enhances the ability of the states and local communities to undertake planning and to deal with their own problems. The National Center for Education Statistics could well use the budgeted $8,747 million; we urge that appropriation at the very least.

Elementary-Secondary Block Grants
(Chapter 2, ECIA)

Chapter 2 of the Education Consolidation Improvement Act (ECIA) was enacted last year as part of the Omnibus Budget Reconcialtion Act of 1981 (PL 97-35). In that statue, Chapter 2 was authorized at $589,368,000. Before the some thirty programs contained in Chapter 2 were consolidated, the total of their funding (in FY 1980) was $537,485,000. The continuing resolution reduced this some 10% to $483,840,000. The President's FY 1983 budget seeks a still further reduction to $433,000,000.

If consolidation is truly to be encouraged, it must not be seen as a backdoor device to sharply reduce funding. To do otherwise is to invite public pressures for more categorical programs as it is perceived that consolidations falls far short of its promise. Therefore, AAP urges Chapter 2 funding at the current year level. The program would thus bear its share of funding reductions, but it would not be crippled.

A few words are in order for some of the components of Chapter 2 which are of special concern to book publishers.

The former ESEA IV-B (Instructional Materials and School Library Resources) exerts a significant leverage for quality in the nation's classrooms. Instructional materials, according to a national survey of 24,000 teachers, structure 95% of classroom time and 90% of homework time. But only slightly more than 1% of total public and non-public elementary and secondary school expenditures are for instructional materials -- expenditures for textbooks are just 0.7% of the total. Thus, this is an area where each and every Federal dollar can make a significant contribution to better schooling.

Underlining the need for this program are the results of a NEA survey several years ago which indicates that teachers spent an average of $65 of their personal funds on instructional materials not supplied by their schools. A more current survey by the Alabama Education Association indicated that teachers in that state spent an average of $171 out of their own pockets for instructional materials.

A few words from some highly regarded sources are in order. A Rand study published in April 1980 stated: "This study supports the following general conclusions about Title IV: Title IV is a popular, well-run program that is praised for its flexibility and ease of administration..."

The U.S. Catholic Conference has asserted that parochial school officials rate the IV-B program as the most equitable and the fairest in providing services and benefits to private school children.

The latest Annual Evaluation Report published by the Department of Education notes that "small IV-B grants can induce substantial improvement in local practices."

The fact is that up-to-date library resources are essential to producing literate and informed high school graduates. The knowledge explosion and new technology has increasingly resulted in tomorrow's adults being trained with yesterday's tools. As noted by the authorizing committees, "quality in shcool library programs is directly related to academic achievement, to remaining in high shcool, and to continuing in college." As noted by the 1975 National Inventory of Library Needs, most school libraries fall short of indicated need.

The former ESEA Title II (Basic Skills) is also an important part of the Chapter 2 consolidation. Formerly known as "Right-to-Read" (an initiative of the Nixon Administration) and later given statutory life as the National Reading Improvement Program, its purpose is to improve basic skill instruction of children, youth and adults. It was funded modestly at $25.65 million and well proved its worth.

Our nation must no longer be embarrassed by the prevalence of functional illiteracy among so many of our people, whether they are in the private sector of in the armed services.

Another highly successful endeavor within the Chapter 2 consolidation is the Inexpensive Book Distribution program. The program has paid real dividends, at a minimum Federal expense, in opening up the wonderful world of reading to children since its inception in FY 1976 and going back to its origins in Reading is Fundamental 14 years ago. And because of the large number of volunteers participating in distributing books, a minimum amount is expended for administrative purposes. This program receives matching funds from the private sector and subventions from the book publishing industry, thus increasing its effectiveness.

Higher Education

The AAP continues to support adequate funding for postsecondary student assistance programs. And we continue to urge needed funding for institutional assistance. The costs sustained by the nation's colleges and universities and fees charged to students still are rising. All this argues not only for strengthened student assistance but equally for institutional aid so that colleges and universities can hold their tuition and other charges to reasonable levels.

In support of assistance for middle income students, the argument was eloquently made by a 1972 Senate report, as follows:

> We must be careful lest our campuses be occupied principally by those at the poverty level, who qualify for special aid, and those from the upper income brackets, who can afford to pay -- a campus peopled only by the very rich and the very poor, pricing out the middle income, is also violative of the American system. -- Page 476 of Sen. Rpt. 94-604 (Education Amendments of 1972)

We commend for level funding the higher education special programs for the disadvantaged, which includes Talent Search, Upward Bound, and Educational Opportunity Centers. These programs, by helping direct the disadvantaged toward a better education, serve to break the cycle of poverty and alienation that besets too many persons, especially those of minority background.

Library Services
(Title I, LSCA)

Current year funding for Title I (Library Services) of the Library Services and Construction Act is $60 million, a reduction from the $62.5 million funded last year and for each of the two previous years. AAP urges an appropriation for FY 1983 of $60 million, the current year's level. It should also be noted that this is a matching program wherein the effect of Federal dollars is multiplied by state and local contributions.

Title I, LSCA has proved its worth. Reference to the Department of Education's latest Annual Evaluation Report confirms this. That report notes that --

> Services to handicapped persons and other special identified groups are expanding. With LSCA support libraries are utilizing new technology and developing new delivery strategies to reach the visually impaired, deaf and other physically disabled persons in the population.

Quoting a major independent evaluation study, the report goes on to note that: "In many states, it was evident that were Federal funds not available, there would be no provisions whatsoever for special clientele." This is consistent with other studies referred to in the report: "LSCA has stimulated major inroads in critical needs areas by providing funds to initiate innovative and specialized services."

If one were to ask the members of this committee where they received their education, the common denominator institution would be the library. The library is your alma mater just as much as is the California Institute of Technology, or Yale University or any other school, just as libraries have been to other men and women of achievement since the first public library was established in Greece in the 6th century B.C. Today's library is not merely a window looking into the world -- it is a door giving entry into the universe. Public libraries merit strong and consistent support.

College Library Resources
(Title II-A, HEA)

The College Library Resources program (Title II-A of the Higher Education Act) is funded at $1.92 million for the current fiscal year. Last year it received $2.988 million, the amount that AAP urges for appropriation for FY 1983. While this is an increase over the modest amount appropriated for the current year, it is considerably less than the $35 million appropriated in each of 1967, 1968, and 1969 and the $9.975 million appropriated for most of the years of the last decade. With record enrollments in many schools, a broader range of courses, ever-expanding frontiers of knowledge which quickly outdate current references, and the burden of inflation, the need for Title II-A is greater than ever. Institutions of higher education, increasingly hard pressed for funds and limited as to how much they might increase tuition charges, find their libraries falling short of student demand and below desirable academic standards. Once behind, it is both difficult and expensive to catch up, difficult not only for the library and faculty but also for the student generation deprived of adequate library resources.

The need is borne out by the fact that at least 200 institutions improved their library services sufficiently through this program to receive accreditation. There are no statistics as to how many have maintained accreditation through II-A. Also, college librarians have reported that the program, modest as it is, helps them considerably to meet special book program needs.

Strengthening Research Library Resources
(Title II-C, HEA)

Research Libraries (Title II-C of the Higher Education Act) is funded at $5.76 million for the current fiscal year; AAP recommends that this amount be appropriated for FY 1983.

Institutions of higher education, public libraries, state libraries and private non-profit independent research libraries would receive funds under this program if they serve as major research libraries. The Congress, contemplating limited funds, did restrict eligibility to major research libraries, but, as the committee report emphasized, the American research libraries share their resources with thousands of smaller libraries through a growing system of interlibrary lending. Thus, Title II-C funds are not for the exclusive benefit of a restricted area but rather serve the wider community of research.

The argument for II-C was well put by the Carnegie Council on Policy Studies in Higher Education:

> The case for some degree of federal government support of large research libraries is precisely parallel to the case for federal government support of research and graduate education. States cannot capture all the benefits from their support of large research libraries, and this may explain why public unversity libraries have been particularly hard hit by cuts in state appropriations in terms of constant dollars in recent years.

A further -- and persuasive -- reason for funding II-C at this time is contained in the Congressional findings (Sec. 231 (a) (3) of the Higher Education Act) wherein it is stated that --

> the expansion of the scope of educational research programs and the rapid increase in the worldwide production of recorded knowledge have placed unprecendented demands upon major research libraries, requiring programs and services that strain the capabilities of cooperative action and are beyond the financial competence of individual or collective library budgets.

It has been said that the capacity for human knowledge is infinite. While this is fine philosophy, we must acknowledge that the human capacity for knowledge is finite. But we should seek to expand those limits. The $5.76 million requested for strengthening research library resources serves just such a purpose.

Other Programs

The AAP joined 14 other organizations in the Coalition for Educational Research and NIE in support of an appropriation of $55.6 million for the National Institute of Education. That statement well sets out the rationale for such an appropriation, and we reiterate our support here.

We support the $700,000 requested to OMB by the National Commission for Library and Information Science (NCLIS). This money plus the many free services contributed to the Commission will enhance its efforts at a time of great technological change in this nation and the world, a time when the Commission's counsel will come in good stead.

The National Library of Medicine should be no less than preeminent as a national and international medical information resource. We support the library's budget request of $46,043,000 of which $7.5 million is for the Medical Library Assistance Program. These programs merit funding at the budget level. With the expansion of medical knowledge and with the increased reliance on medical library facilities combined with the financial difficulties faced by state and local governments, universities and medical facilities, we believe this modest program merits support.

ECIA Chapter 1 (Financial Assistance to Meet Special Educational Needs of Disadvantaged Students) replaced ESEA Title I effective July 1, 1982 in accord with the Omnibus Reconciliation Act of 1982. Independent surveys and reports have shown the effectiveness of ESEA I. It was the intention of the Congress with the enactment of the Reconciliation Act last year to make this program even more effective. That being the case, there is no logic in reducing Chapter 1 even further as requested in the President's budget. We urge that the new ECIA 1 be level funded, without further reduction.

This testimony is already quite long. However, we do not wish that the ommission of such items as Vocational Education and Education of the Physically Handicapped should signify a lack of our concern that these programs should not be adequately funded. We are concerned that they remain strong and urge favorable consideration for needed funding.

Conclusion

This testimony has been submitted with a sensitivity both to the need for budgetary restraint and the need for a literate and knowledgeable citizenry. Our recommendations while over the President's budget requests nevertheless fall short of need. Should the economy sufficiently improve, we would hope that would be reflected in Federal expenditures for education and library programs.

A philospoher once observed that he who does not increase knowledge decreases it. While education is not synonymous with knowledge, it does precede it. it is to the increase of knowledge that this testimony is directed.

STATEMENT OF TELEVISION STATION WETA, WASHINGTON, D.C.

> "Based on over 2,000 research projects in over 100 countries my findings indicate that television is a miracle instrument for teaching."
>
> H. Skornia: The Great American Teaching Machine

Since 1968 the Department of Education has funded quality educational television programs which have increased children's cognitive learning and facilitated integration. These programs have also provided the nation's children with an alternative to the scant and often inappropriate programming for young people on commercial television. This major source of children's television programming funds is about to become a fond memory, and if current trends continue, quality children's programs may become a memory too. It is imperative that this trend be reversed.

The first Department of Education sponsored series, SESAME STREET, premiered in 1969 and quickly became a classic, set new standards for children's television, influenced children's programs in many parts of the world and won over 100 national and international awards. Many other prize-winning series followed, among them THE ELECTRIC COMPANY, JACKSON JUNIOR HIGH, and 3-2-1-CONTACT.

In 1972 the Department of Education widened its support for educational television through a 3% set-aside in the budget of the Emergency School Aid Act (ESSA). ESAA-funded television programs were designed to facilitate integration, and the 52 series (plus 11 in production) that resulted, gave the nation programs with a sorely needed multi-ethnic perspective in addition to introducing youngsters to the arts, humanities and sciences.

The total cost of these Department of Education supported programs has been $127 million over 13 years, a very modest amount considering their widespread use.

Not only are these series broadcast throughout the country (PBS will have scheduled 1833.50 hours of ESAA programs alone by April 1, 1982), they are captioned for the hearing impaired and available free of charge to every classroom in the country where they have become part of the curriculum. Viewer guides developed for most of the series further increase their instructional value. In addition, schools are free to copy any show off the air for subsequent use or they may purchase tapes at moderate cost.

The Department of Education funded television programs with two main goals in mind:

(1) to increase cognitive learning

(2) to help change attitudes, especially in regard to sex roles and the minorities.

Were these goals achieved?

All the evidence is not in, but the overall picture is encouraging.

(1) There is a wealth of evidence which suggests that well-designed programming for children can lead to useful learning of necessary information, improved thinking habits, school preparatory attitudes, and socially adaptive behavior. Such well-designed programs are believed to be responsible for the higher results scored in recent years by young children at the first several grade levels on standardized tests. SESAME STREET has occasionally been criticized for failing to close the learning gap between disadvantaged and middle class children, but what is more important is that disadvantaged groups did learn what was taught on the shows, and they learned more if they watched more. Besides, a more recent study on the impact of television in general by UCLA psychologist Patricia Greenfield found the opposite to be true. Her results showed television to be of great social value because it reverses the direction of differences found in most cognitive testing, namely, that middle class children function cognitively better than working class children and that white children do better than black children. Greenfield calls television a democratic medium because it tends to reduce the advantage of middle class children over their less fortunate peers.

There is also a substantial body of evidence suggesting that children's comprehension and memory of stories read improved if the story was also presented to them in a visual medium; film or television, and what is even more encouraging is that their desire to read more was enhanced.

(2) Most early research on television's influence on children's social behavior was concentrated on the issue of violence. There is some statistical evidence which shows a correlation between children's violent behavior and their exposure to violent shows of the type presented by commercial television. But just as television may inspire violence, it can foster pro-social attitudes: sharing, cooperation, nurturing, respect for others, etc. Innumerable studies have shown this to be a fact.

Properly designed television programs can also enhance the self-respect and self-image of minority children. Research on programs with high pro-social, multi-ethnic content indicates that children who watch them gain in cultural pride, self-confidence and interpersonal cooperation. White children exposed to such shows were found to have more positive attitudes towards children of other races.

Research done on the Department of Education funded series, FREESTYLE, which was designed to reduce sex role stereotyping, proved that the shows had lasting beneficial influence on children who watched them, and that the effect was heightened if the content of the series was discussed in the classroom.

Television is a powerful tool for democratizing Americans of the different groups that make up our pluralistic society, and we have the choice of using that medium in a socially beneficial way or letting it reinforce negative stereotypes which appear far too often in commercial programming.

The funds dedicated to ESAA television programs disappeared into block grants to the states, and funds for other educational television projects are now part of the Secretary of Education's discretionary budget. Educational television is only one possible use of the block grant money, which amounts to less than $100,000 per state if it were divided equally among them, which it isn't. Nor are the states required to adhere to educational television guidelines previously set by the Department of Education. Even if the states produced programs with the traditional goals in mind, the impact of these programs would be minimal because the money available to each state is barely enough to produce one half-hour of quality programming. It has been estimated that $35 million would be required to launch a daily one-hour children's television program of comparable quality to SESAME STREET.

What are the alternatives to Department of Education supported television?

Philanthropic foundations and major corporations have, from time to time in the past, sponsored quality children's programs, but money from these sources has always been scarce and is becoming scarcer. It was hoped that cable television would become a major producer of educational children's programs, but FCC requirements that cable systems set aside educational access channels were overturned by the Supreme Court (FCC vs. Midwest Video Corporation, 1979). Two cable systems, Warner Amex and U.A.-Columbia, do offer non-educational children's programming, but the children's channels are operating in the red, and the outlook for their survival is not bright. As one system president has noted, while parents talk about quality programming for their children, few are willing to pay for it.

It is, for all intents and purposes, up to the networks to broadcast children's programs, but very little is produced and aired. About 50% of the nation's TV stations have no children's programs scheduled between 2 and 6 o'clock, Monday through Friday. One recent report, based on FCC license renewal applications filed by 588 commercial TV stations between 1975 and 1980, highlighted the paucity of children's programming. It reported that CAPTAIN KANGAROO represented 48% of all network affiliated programming hours listed by the stations. Since that study, CAPTAIN KANGAROO was reduced to a 30-minute time slot at an hour that has vastly diminished its audience, and it is now in danger of being cancelled. What remains for children are super-hero cartoons and adult programs which are crowded with stereotypes, and saturated with violence. In other words, remove the Department of Education supported programs and there are essentially no suitable programs on the air for children.

It is estimated that children, on the average, watch 25 hours of television a week. Television has become part of their environment and it exerts a major influence on what they learn about the world and on their social attitudes. What could be more important than making that environment one that stimulates children towards learning and beneficial social behavior?

It has always been the responsibility of the government to provide the nation's children with educational opportunities they cannot get from other sources, and that responsibility applies to television as well. But only with funds and directives at the federal level can their learning environment be improved in a consistent and sustained fashion. The single remaining substantial sum of money in the Department of Education that has not already been dedicated to other projects is approximately $19 million in the Secretary's discretionary budget. Considering the importance of educational television in the lives of the nation's children, we urge Congress to mandate that a major part of this money be spent on the continuation of quality programming for children.

Statement of the American Personnel and Guidance Association

The American Personnel and Guidance Association (APGA) and its 40,000 plus members, including the American Rehabilitation Counseling Association (ARCA), a division of APGA, is appreciative of the opportunity to present our views on Federal programs affecting millions of handicapped citizens in our nation.

Our statement is directed toward the need for realistic appropriations for Vocational Rehabilitation, Special Education and Developmental Disabilities.

In addition, we wish to express our grave concern over the seeming lack of commitment shown by the Administration to the habilitation and rehabilitation of disabled people of all ages and the Administration's apparent disdain for Congressional mandates in carrying out rehabilitation programs. Our constituency is somewhat confused by the inconsistencies in what the Administration says and what it is attempting to do in the name of cost-efficiency and the focus on "national recovery."*

Vocational Rehabilitation is designed to put people to work - making them taxpayers, rather than tax burdens. "Few, if any, resources offer more potential, I think, than our 35 million disabled Americans. Too often they are relegated to the sidelines in spite of outstanding abilities. I am proud to participate in this International Year (referring to the International Year of Disabled Persons, 1981) to help increase the awareness of each and every one of us, committed that we'll make that extra effort in 1981 to assist our disabled in moving into the mainstream of American life. It takes so little and it offers the promise of so much because our most valuable resource is people." This was spoken by President Reagan in 1981 at about the same time that the Administration proposals were sent to the Congress asking for drastic cuts in one of the Nation's most cost-effective work and independence-oriented programs for people.

Most recently, President Reagan signed P.L. 97-149, designating 1982 as the National Year of Disabled Persons. Yet, since the beginning of 1982, the Administration has proposed the following legislation and amendments that could serve only to impede the sure, but slow progress of disabled in reaching goals of independence and first class citizenship:

> "Administration proposes amendments to weaken Special Education, as mandated by P.L. 94-142."
>
> "Vocational Rehabilitation Programs to be cut for FY 83, along with rescissions of FY 1982."
>
> "Developmental Disabilities state grants to be reduced to 60 percent of the 1982 level."
>
> "The Architectural and Barriers Compliance Board would cease to exist by 1984, with no funds requested for 1983."
>
> "The 'gutting' of Section 504 by the Justice Department is being planned in celebration of the National Year of the Disabled."
>
> "Supplemental Security Income (SSI) to seriously disabled persons is being drastically cut by new, tougher rules."

The following facts are delineated to show the wisdom of the Congress and prior Presidents in supporting programs of habilitation and rehabilitation for its disabled citizens who want to be a part of the tax-paying mainstream.

FACT #1. The Federal/State programs for over sixty years of existence are not welfare programs or handouts, but instead are designed to rehabilitate disabled workers and those disabled by illness, disease, accident or birth to become independent, tax payers rather than tax burdens.

As George Conn, the current Commissioner of Rehabilitation Services Administration (RSA) stated in American Rehabilitation (March/April, 1982), "It is important that we strengthen the traditional partnership of the State-Federal Rehabilitation Program. For 60 years, this mutual effort has provided critical services to disabled Americans."

FACT #2. The Federal/State Rehabilitation Program is cost-effective and has been for years. Recent data has shown for example, that life-time earnings of rehabilitants will improve by $11 for every dollar spent on services for all clients whose cases were closed (by State Vocational Rehabilitation

Agencies) in FY 1980. This means workers trained or retrained, returning to work and paying their share of State, Federal and local taxes.

In a Dear Mr. President letter (February 12, 1982), the Utah Congressional Delegation, including Senators Hatch and Garn and Representatives Marriott and Hansen, noted that, "the Congressional Budget Office estimated that the resulting savings in public assistance payments from a single year's operation of the Vocational Rehabilitation Program are about $6.2 million per month in 1982 dollars." This is especially noteworthy when you realize that the proposed Administration budget, "will only grant enough money to aid 900,000 disabled. This amounts to 350,000 fewer people than could be served in 1982. About 142,000 of these clients will receive specialized job training and placement in remunerative employment, which amounts to a decrease of 56,000 disabled persons. This means that at least one-half million persons will be shifted to other more expensive social-welfare type of programs (rather than Rehabilitation). If the Federal role in rehabilitating disabled persons is maintained at current funding levels, the BENEFITS WILL FAR EXCEED THE COST."

FACT #3. The discretionary grant programs currently funded by the Rehabilitation Services Administration (RSA) and the National Institute on Handicapped Research (NIHR) must also be kept intact in keeping with the original Congressional intent. These programs, and for minimal funding, discover effective methods for use in the local rehabilitation efforts. One good example is the PROJECTS WITH INDUSTRY (PWI) program that currently does everything the current administration would like to see developed, namely using business and industry to create new jobs and new tax revenues as well as persons that pay their own way.

While this program is sadly underfunded, more than 5,500 handicapped persons obtained real employment in 1980 alone in just this one "small" project. When computed into taxable earnings, that comes to $35 million for a one-year period. Not bad for a $4.5 million program as any business-minded person would say. As for cost-effectiveness, it should be known that only one Federal employee and a part-time secretary administers and provides National leadership for this program. There is not too much "fat" built into this program as is plain to see, yet it stands as a workable model of the Federal/State partnership. As Senator Robert Dole noted in an address at the Menninger Foundation in October

1980, "The PWI approach has been a successful one simply because its focus is on what handicapped persons are capable of contributing to their society, rather than on the limitations which might prevent them from active participation. Many leaders have reminded us that there are 35 million Americans out there who provide the strength of a tremendous natural resource - if channeled in productive ways.

FACT #4. The Federal leadership and monitoring role (as shown by many administrations and Congresses) is vital to the integrity of the State/Federal partnership in Vocational Rehabilitation. Without the national scope of the Federal government, along with research and training support to improve the program at all levels, and for a minimal cost, the State programs could not hope to deliver the needed services and innovations necessary to transform the disabled worker into a productive and independent citizen.

One reality to keep in mind is that no Federal program (with the possible exception of Social Security) is ever funded at a level sufficient to provide services to all those eligible for services. One example from Arizona noted that while there were 60,000 eligible handicapped persons in that State alone, even the most careful use of resources permits the State Vocational Rehabilitation program to serve only up to one-third of the eligible recipients. Even a 25 percent cutback of funds is a very serious matter and the damage from such cutbacks becomes a more serious drain on tax dollars at all levels of government.

The statistics reported by RSA as shown in the past five annual reports to the President and the Congress emphasize that Rehabilitated Workers pay their share of Federal, State and local taxes!

Concerning P.L. 94-142 (the Education for All Handicapped Children Act), we can only refer to the Dear President letter of January 21, 1982 signed by 59 members of the Senate and 286 members of the House requesting continued support for the Act. This thoughtful and sensitive letter noted that, "by imposing severe reductions in the funding of P.L. 94-142, it would be a tremendous step backward for the handicapped children of our country as they strive to become self-sufficient adults." We must concur with this letter of support for the need for full funding at the 1981 level and oppose any substantive changes in the statute.

In addition to legislation for Special Education and Rehabilitation, Congress passed the Developmental Disabilities Act to coordinate and provide services for more than three million severely handicapped persons, mainly youth and children. We must also agree with the Dear President letter signed by Senators Hatch, Garn and the Utah Representatives Marriott and Hansen dated February 12, 1982, that the Federal government maintain its modest support at current funding levels for Developmental Disabilities (DD) programs.

On behalf of the 40,000 plus members of the American Personnel and Guidance Association and the American Rehabilitation Counseling Association, a Division of APGA, we urge that the Congressional mandates developed over the years and through bipartisan needs will continue unobstructed and that the Congress will:

1. Reject any rescissions requested by the President for Rehabilitation and any programs affecting the handicapped in their fight for independence.
2. Reject the Administration budget for FY 83 calling for unrealistic cuts in programs for Rehabilitation, Special Education and Developmental Disabilities.
3. Support full funding of the FY 83 Budget as proposed by the House Education and Labor Committee in March of 1982.

STATEMENT OF HONORABLE RON DE LUGO, DELEGATE, U.S. VIRGIN ISLANDS

THE SUBCOMMITTEE IS CONSIDERING TWO AREAS OF PARTICULAR CONCERN TO THE U.S. VIRGIN ISLANDS: POSTSECONDARY STUDENT LOANS AND ELEMENTARY AND SECONDARY EDUCATION PROGRAMS. I AM GRATEFUL FOR THE OPPORTUNITY TO ADDRESS YOU ON EACH AREA.

POSTSECONDARY STUDENT LOANS

ELIMINATION OF THE HIGHER EDUCATION LOAN AND GRANT PROGRAMS EFFECTIVELY DENIES POSTSECONDARY EDUCATION OPPORTUNITIES TO THE MAJORITY OF VIRGIN ISLAND STUDENTS. THESE PROGRAMS HAVE ALLOWED VIRGIN ISLANDERS TO OBTAIN EDUCATIONAL OPPORTUNITIES THAT WOULD OTHERWISE BE INACCESSIBLE. IT IS CLEAR TO US THAT WITHOUT THE BENEFITS DERIVED FROM EDUCATING OUR YOUNG, THE FUTURE OF THE TERRITORY IS IN JEOPARDY.

THESE ARE DIFFICULT TIMES WHEN THE BUDGETARY AXE HAS BEEN FELT IN AREAS WE ALL HOLD DEAR. WE MUST RECOGNIZE, HOWEVER, THAT EDUCATION IS A PRIORITY, OTHERWISE OUR COUNTRY WILL BE DOMINATED BY COUNTRIES WHO DO RECOGNIZE ITS IMPORTANCE. THIS WILL BE SO DESPITE OUR CONCENTRATION ON DEFENSE CAPABILITIES.

I URGE THIS SUBCOMMITTEE TO PRESERVE HIGHER EDUCATION LOAN AND GRANT PROGRAMS, AND THEIR AVAILABILITY TO THE BROAD SPECTRUM OF AMERICAN YOUTH WHO WOULD OTHERWISE BE DENIED AN EDUCATION.

GENERAL ASSISTANCE AND TEACHER TRAINING

I APPEAL TO YOU TO REJECT THE PROPOSED ZERO FUNDING FOR FISCAL YEAR 1983 FOR GENERAL ASSISTANCE TO THE VIRGIN ISLANDS AND TEACHER TRAINING FOR THE TERRITORIES UNDER P.L. 95-561, SECTION 1524 AND SECTION 1525 RESPECTIVELY.

AS I POINTED OUT WHEN I APPEARED BEFORE OTHER COMMITTEES IN 1977 TO REQUEST AUTHORIZATION FOR THESE SPECIAL FUNDINGS, THE VIRGIN ISLANDS, AS WELL AS THE OTHER TERRITORIES, OPERATE UNDER UNIQUE EDUCATIONAL CIRCUMSTANCES. WE HAVE SMALL FINANCIAL RESOURCE POOLS TO ADDRESS THE GREAT CULTURAL DIFFERENCES, BOTH WITHIN OUR ISLANDS AS WELL AS WITH THE MAINLAND. THE VIRGIN ISLANDS HAVE BEEN ESPECIALLY AND ADVERSELY IMPACTED BY THE INFLUX OF CHILDREN OF ALIENS INTO OUR PUBLIC SCHOOL SYSTEM AS A RESULT OF THE U.S. DISTRICT COURT MANDATE THAT ALL ALIEN CHILDREN ENTERING INTO THE VIRGIN ISLANDS UNDER P.L. 91-225 MUST BE PROVIDED AN EQUAL, FREE PUBLIC EDUCATION.

These unique factors have not been addressed by the Federal Programs which are targeted to meet the needs of mainland jurisdictions. These programs do not reflect the severe strain placed on the Virgin Islands' educational system by the large number of alien children with special educational needs resulting from their adverse Caribbean backgrounds. Many of these children are enrolled in our public schools without having had any previous schooling at all or very limited educational experiences in very different educational systems.

School enrollment in the Virgin Islands has grown from 9,000 in 1969, prior to the U.S. District Court ruling to over 26,000 today. Enrollment has continued to grow each year and is projected to continue during the decade of the 1980's. This enrollment situation is marked different from the mainland trends, where enrollment has been steadily declining, causing underutilization and retrenchment of public school systems.

The Government of the Virgin Islands, to comply with the United States District Court ruling noted above and in recognition of the importance of education, has set public education as its top priority. The Government has increased the local operating budget of its school system by over $41,000,000, from $9,700,000 in fiscal year 1969 to $56,908,614 in fiscal year 1982. Education's share of the local operating budget has increased from 17% in 1969 to 26% in 1982.

Despite this extraordinary commitment, the Virgin Islands still faces serious educational problems including overcrowding, double sessions, lack of qualified and specialized teachers and curriculum materials that both address and reflect the unique characteristics of these islands. Despite competitive salary schedules the Virgin Islands continue to experience a high rate of teacher turnover. Classes are often left without teachers in the middle of the school year due to the inability of mainland teachers to adjust to the cultural differences of the Islands.

It must also be recognized that the reduction in the Federal Income Tax structure has had a disproportionate impact upon the Virgin Islands. All income taxes collected in the Virgin Islands are retained in the local treasury and represent a major portion of our local revenues. The combination of cuts in Federal Program Funds and a reduction in Income Tax revenues has seriously restricted the ability of the Government

OF THE VIRGIN ISLANDS TO PROVIDE FOR THE EDUCATIONAL NEEDS OF ITS CHILDREN.

ALTHOUGH THE VIRGIN ISLANDS IS NOW ALLOTTING 26% OF ITS TOTAL OPERATING BUDGET FOR EDUCATION, EVERY DOLLAR IS STRAINED TO THE BREAKING POINT IN THE ATTEMPT TO MEET OUR NEEDS. OUR PUBLIC SCHOOLS ARE CONTINOUSLY IN DANGER OF LOSING ACCREDITATION. FURTHER REDUCTION OF FUNDING IN ANY PROGRAM WILL PLACE OUR SCHOOL SYSTEM IN GREATER DANGER IF NOT IN FACT BRING ON A LOSS OF ACCREDITATION.

THE V.I. CANNOT MEET ITS EDUCATIONAL DEMANDS WITHOUT STRONG, CONSISTENT SUPPORT FROM THE FEDERAL GOVERNMENT. THE COMPREHENSIVE PROGRAMS, WHICH WE HAVE DEVELOPED AND ARE IMPLEMENTING WITH THE FUNDS AUTHORIZED UNDER SECTIONS 1524 AND 1525 OF P.L. 95-561 ARE NOT COSMETIC ADORNMENTS TO OUR SCHOOL SYSTEM. THESE PROGRAMS TARGET UPON THE CRITICAL AREAS OF CLASSROOM SPACE, SPECIALIZED INSTRUCTIONAL MATERIALS, REMEDIAL EDUCATIONAL TEACHER TRAINING, CURRICULUM COORDINATION, AS WELL AS SPECIAL EDUCATIONAL PROGRAMS AND RESEARCH NEEDS IN ORDER TO FOCUS UPON BASIC EDUCATIONAL SERVICES TO CHILDREN.

CHAPTER 2, CONSOLIDATION OF FEDERAL PROGRAMS FOR ELEMENTARY AND SECONDARY EDUCATION

SECTION 563 OF TITLE V OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981 CHANGES EXISTING BUDGET AUTHORITY BY PROVIDING THAT "THE SECRETARY SHALL RESERVE NOT TO EXCEED 1 PER CENTUM FOR PAYMENTS TO GUAM, AMERICAN SAMOA, THE VIRGIN ISLANDS, THE TRUST TERRITORIES OF THE PACIFIC ISLANDS, THE NORTHERN MARIANA ISLANDS, TO BE ALLOTTED IN ACCORDANCE WITH THEIR RESPECTIVE NEEDS". THE LANGUAGE CHANGED PREVIOUS AUTHORITY WHICH PROVIDED THAT THE TERRITORIES WOULD RECEIVE "NO LESS THAN 1 PER CENTUM", PLACED IN THE BILL TO PROTECT THE TERRITORIES FROM THE MORE INFLUENTIAL DEMANDS OF THE STATES. THIS PROTECTION HAS BEEN ELIMINATED, TURNING TO OUR DISADVANTAGE THE VERY LANGUAGE INTENDED TO PROTECT US.

I URGE THE SUBCOMMITTEE TO APPROPRIATE NO LESS THAN 1 PER CENTUM OF THE CHAPTER 2 BUDGET FOR THE TERRITORIES. THIS WILL ASSURE THAT THE TERRITORIES RECEIVE THEIR SHARE OF THE FUNDING UNDER THE CONSOLIDATED ELEMENTARY AND SECONDARY PROGRAMS.

VOCATIONAL EDUCATION

THE ADMINISTRATION HAS PROPOSED TO REVISE THE VOCATIONAL EDUCATION ACT, CONSOLIDATING ITS PROGRAMS UNDER OTHER CATEGORICAL GRANT PROGRAMS. UNDER THE CONSOLIDATION, THE SET ASIDE FOR THE TERRITORIES WOULD BE REDUCED FROM THE HISTORICAL 1% OF VOCATIONAL EDUCATION FUNDING, TO .6%. THIS WOULD CRIPPLE TERRITORIAL VOCATIONAL EDUCATION PROGRAMS.

THE FEDERAL VOCATIONAL EDUCATION ASSISTANCE HAS PROVIDED NEEDED SKILLS TRAINING FOR THE TERRITORIES. WITHOUT THIS ASSISTANCE, THE TERRITORIES WILL BE FORCED TO RELY ON OUTSIDE SKILLED LABOR, THEREBY LOSING LABOR OPPORTUNITIES NEEDED FOR THE LOCAL POPULATIONS.

I URGE YOUR SUPPORT IN MAINTAINING THE EXISTING SET ASIDE OF 1% OF THE VOCATIONAL EDUCATION FUNDING FOR THE TERRITORIES.

STATEMENT OF FREDERICK S. KLINE, DIRECTOR, SOCIETY FOR EXCELLENCE IN EDUCATION

Mr. Chairman and members of the subcommittee the 1981 Review of the Society for Excellence in Education (SEE) is enclosed and will serve as a supplement to this statement. SEE began initial implementation of a program designed as an alternative to the guidelines of the Massachusetts Racial Imbalance Act in January 1967 after endorsement by the majority of the Boston School Committee. Highly effective administrators, especially the Deputy Superintendent, William G. Tobin, were instrumental in evaluating the SEE program. Mr. Tobin, after forty-four years of dedicated service to the Boston Public Schools, is currently an Assistant Director of the Society for Excellence in Education.

In recent years several hundred highly effective classroom teachers, administrators and non-instructional personnel employed by the Detroit Public Schools have contributed toward the further development of the SEE program. Unfortunately, the negative actions of ineffective top leadership has heavily outweighed the positive contributions of effective personnel. The net result is the waste of over $150,000,000 annually due to mismanagement. Most taxpayers were outraged when the insensitive members of the Detroit Board of Education substantially increased executive level administrators' salaries following the passage of a millage increase that supposedly had been for the benefit of students. A drastic decrease in school security guards and a 90% reduction in the bus ticket allocations for high school students from low income families, clearly demonstrate priorities of the Detroit Board of Education members.

The problems evident in the Detroit Public Schools are common in those school districts that enroll the majority of American public school students. Citizens must be made aware that the federal budget is unlikely to be balanced until the waste of tax dollars, allegedly to benefit public education, and unnecessary welfare costs are controlled at state and local levels as well as at the federal level. Deductions for property, sales and income taxes at state and local levels obviously reduce federal income tax revenues. A net reduction in the combination of taxes paid at all levels of government, instead of mere shifting, is essential to increase savings and lower interest rates.

An adequate financial base for elementary and secondary education can be achieved by instituting the structured and practical measures that comprise the SEE program and limit funding to approximately 70% of the budget for the 1981-82 school year in most states. Most tax limitation measures do not go far enough, and budgets should be cut an additional 10% for those school districts that fail to produce sufficient academic achievement growth for their students. Mandatory budget reductions for central administrative and supervisory positions must then come first instead of placing students' interests last.

A requirement for state or federal aid to any school district must be the publication of achievement score progress in each classroom for academic subjects at each grade level in every school, with the exception of special education classes. These scores should then be publicized as a public service by the media at no cost to the taxpayers. A listing of all school districts in a state and in the United States can then be compiled by clerks which allows a comparison for achievement progress, cost per pupil and number of students per class. Parents can then compare the progress made at their children's schools with other schools in their own and in other school districts by contacting members of their state legislature or congressional delegation.

An increase in appropriations for pre-school and adult education, including vocational and technical training for both current and projected employment opportunities, is a more productive investment than maintaining current levels for elementary and secondary education. This investment can be accomplished at a reduced cost to taxpayers by dealing with social problems that exist outside of the control of the most effective educators. The major beneficiaries of current social programs are researchers, bureaucrats, program directors and their staffs at federal, state and local levels. Across-the-board reductions involving social programs and education programs are never directed at the top, but instead harm the intended beneficiaries. An effective solution requires full funding of priorities, combined with the total elimination, by an organized process, of separate and fragmented programs that are cost ineffective.

The structured quality control program of the Society for Excellence in Education contains built in concepts to provide both quality education for all students and maximum impact for a greater number of beneficiaries than current social programs assist. The savings for taxpayers will be substantial with essential administrative services provided at minimum cost. A balanced budget will then be achieved with a decline in interest rates and an increase in employment. SEE concepts are based upon the observations and experiences of intended beneficiaries, administrators and staff personnel for social programs and knowledgeable teachers and their former students. These include Mrs. Gordon P. McKeough, an Assistant Director of SEE, with thirty-three years of teaching experiences in a variety of neighborhoods in Detroit; Mrs. Mae Turner Talton, preparing to write her doctoral dissertation on the community where she grew up that produced the original members of the singing group, the Supremes, after both successful teaching experience in Detroit and owning a day care center; and her former teachers, Mrs. Nathaniel H. Johnson, an Assistant Director of SEE, and Frederick S. Kline, Director of SEE.

The education and community based components of the SEE program will:

1. Increase direct parent involvement for families receiving public assistance accompanied by increased utilization of public schools and private facilities in many neighborhoods. These facilities can operate twelve months per year, six days per week and sixteen or more hours per day for a variety of purposes including pre-school, elementary, secondary and adult education.

a. Mothers will receive an amount equal to their income from Aid to Families with Dependent Children, Food Stamps and Subsidized Housing in return for consistent attendance in components of the SEE program for both themselves and their children, except for verifiable periods of illness or injury. Deductions will be made for unexcused absence or deliberate destruction of school property. Counseling will be provided to insure the opportunity for both upgrading the education and skills necessary for employment of mothers in addition to providing instruction in parenting skills. Parent supervision of halls and lavatories can both increase safety and improve behavior of children. Training and employment for child, health care and food services which provides hot meals are other worthwhile activities. Children can be brought to school for a full day with a registered nurse available, after they reach six weeks of age. They can begin learning to read at age two and one-half.

Mothers will be able to earn additional income after a normal school day, on a full or part time basis, which will not have to be reported to Social Services as it is currently. Mothers can leave the program once they reach a sufficient income level in either the public or private sector. They can then pay to continue for the enrollment of their pre-school children in the program. This opportunity would also be available to any working mother, including those who choose to earn additional income, and have their children remain additional hours before they leave the program. Elementary schools that go through the eighth grade will permit more children in a family to attend the same school. Parent convenience must be considered when establishing organizational patterns.

b. Individuals who currently receive general assistance will also enroll in the program with consistent attendance required. A variety of adult education classes and training programs would be available. A worthwhile activity in some neighborhoods would involve assistance in the demolition of abandoned property to reduce the opportunity for the rape of students on their way to and from school.

c. Senior citizens and the handicapped, currently receiving public assistance or Supplementary Security Income, can voluntarily enroll in the program as tutors of other adults and food service workers and have their meals provided at cost prepared by commercial foods classes.

d. Recipients of unemployment compensation could voluntarily enroll in programs to upgrade their skills leading to possible relocation if necessary. Part of the savings from closing unemployment offices can serve as a supplement to compensation payments for enrollment in specified programs. It is highly cost ineffective to continue operating underutilized public schools in addition to an excessive number of separate buildings for the administration of unemployment compensation and social services. Employment counselors can be housed in the schools, and benefits disbursed there on the dates due.

Adult involvement in the SEE Program will provide steady income which will eliminate much of the need for families to move several times during the school year. This will encourage better pupil attendance and continuity of instruction leading to higher achievement. Reduced movement because of foreclosure on property and/or delay in rent payments will require less staffing of HUD offices and less expense to taxpayers.

2. The SEE Program would promote higher academic achievement by stressing the importance of utilizing time properly and encouraging enrollment in specific curriculum choices that will allow students to obtain higher education at reduced costs to themselves and taxpayers.

a. Tutoring is an effective use of time for students of all ages at a given point. The progress to be expected from a well organized program can exceed three months for every month of effective tutoring based upon current national norms for standardized achievement tests. The practice of social promotion which establishes getting something for nothing must be eliminated by tutoring. Students with consistent attendance in school, with the benefit of tutoring when necessary, can definitely achieve basic skill levels equivalent to the current national average for reading, arithmetic and composition for twelfth grade students. This level should be achieved at the completion of the eighth grade. Students can tutor other students and receive income at less than the minimum wage starting with twelve year olds. Opportunities to earn income by tutoring should also count as co-op credit for high school students. College students, including medical students, could also tutor to earn income for their tuition.

b. Standards for minimum competence and proficiency will constantly be increased after the SEE Program is implemented. Students beginning high school should learn what colleges expect of them and techniques of taking college board tests. These high school students should be encouraged to pursue advanced courses in mathematics and science which relate to high technology fields, such as computer programming and robotics--vital for the future productivity of the United States. Advanced standing courses should be stressed in combination with the College-Level Examination Program and will save students time and money in completing their education.

c. Students who are accustomed to consistent discipline should be encouraged to join the Junior Reserve Officers Training Corps after completing the eighth grade. An increase in the defense budget specifically for an expansion of these ROTC Units will encourage a greater number of students to apply for college ROTC scholarships. An extensive tutoring program will assist more students to achieve a high score on the Armed Forces Vocational Aptitude Battery, so they can qualify for the scholarships, especially minority group students. The ASVAB test can also benefit high school counselors for career planning for students. College ROTC students earn income to help pay expenses and can earn additional income by attending reserve or national guard training on weekends.

Initial funding for the SEE Program will be accomplished by the phased out elimination of separate programs such as Aid to Families with Dependent Children, Food Stamps and Subsidized Housing, except for senior citizens and the severely handicapped. Also eliminated would be separate cost ineffective programs including Title I of the Elementary and Secondary Education Act, Comprehensive Employment and Training Act, Work Incentive Program and the Department of Education. The name Head Start should be retained, but its current limited concept should be replaced by the SEE Program which more completely covers additional beneficiaries at a lower cost. The more comprehensive SEE Program will cost less than 85% of the combined budgets of the eliminated separate programs because of reduction in need for bureaucrats, program directors and their staffs in addition to heating, lighting and maintenance of administration buildings and office space. Some of the buildings could be converted for use as residential facilities for senior citizens and the severely handicapped. Deployment of some personnel, depending upon their true skill levels and salary requirements, will be possible.

Medicaid costs can be sharply reduced once the beneficiaries believe they can control their own destiny, and lowered frustration and stress levels will reduce both physical and mental illness. In turn, physical and verbal abuse of children will be reduced leading to improved behavior and achievement in school. An atmosphere conducive to learning can be achieved at no cost by techniques such as utilizing soothing music during the school day and teaching diaphragmatic breathing to students and to their teachers as well as to parents to reduce fatigue and stress.

Some of the expected savings can be profitably invested in preventive health measures. Pre-natal care and mobile units for immunization, dental treatment, hearing and vision testing are priorities. Early detection and correction of problems where possible will prevent or reduce unnecessary later costs. Other facets of preventive health care and the encouragement of physical fitness will reduce medical costs still further from one year to the next.

A fraction of the savings from the SEE Program must be invested to restore reductions to the Census Bureau. This is necessary for increased computer capability to speed up the reporting of ancestry groups to prevent continued discrimination on the basis of national origin. This will permit the director of EEOC to require a supplement that identifies ethnic origin rather than merely a "white" category. After the completion of this step, it will be appropriate to designate " Dr. Martin Luther King, Jr. National Ethnic Day" as a national holiday. This action will bring people of all ethnic groups together symbolizing their true acceptance as full future participants in the American Free Enterprise System.

The implementation of the SEE Program will first require Congress to pass necessary legislation followed by coordinated legislation by individual states. A transition period with contingency deadlines is essential to provide the intended beneficiaries of the new program time to learn of their options and responsibilities and to arrange for income to begin immediately after current payments are terminated. A pilot program will begin in one state or local unit of government before any widespread implementation begins.

The program will be monitored by an independent organization with a documented record of recommending an educational philosophy that encourages participation in the American Free Enterprise System. The Society for Excellence in Education will provide monitor service for the pilot program, on a volunteer basis, at no cost to the taxpayers. A possible location will be the District of Columbia and/or Wayne County, Michigan with the District of Columbia Public Schools and/or the Detroit Public Schools the agency to receive funds on a flow through basis and disburse payments to program participants. A suggested date for initial implementation is the beginning of the 1982-83 school year.

Implementation of the SEE Program must be accompanied by frequent evaluation. Testing students every two months for achievement progress will cost a fraction of 1% of annual expenditures and can result in a tremendous saving by preventing problems from going unnoticed or uncorrected. Continued accountability and evaluation from adult participants is also essential. SEE will establish student chapters and sponsor contests, starting with eighth grade students, to obtain additional written ideas for improving the program. Students have insights that adults often overlook. Full national implementation of the SEE Program completed by the start of FY 1984 can make a balanced budget by FY 1985 a reality.

Statement of the Honorable Fofo I. F. Sunia

THANK YOU FOR THE OPPORTUNITY TO SUBMIT THIS STATEMENT ON BEHALF OF THE TERRITORY OF AMERICAN SAMOA REGARDING OUR GRAVE CONCERN OVER THE DEVASTATING IMPACT ADDITIONAL BUDGET CUTS WILL HAVE ON THE ALREADY FINANCIALLY STRUGGLING EDUCATIONAL SYSTEMS OF THE TERRITORIES. I WOULD LIKE TO SPECIFICALLY ADDRESS THE ADMINISTRATION'S PROPOSAL ON THE VOCATIONAL EDUCATION ACT IN REFERENCE TO THE TERRITORIES AND THE TERRITORIAL TEACHER TRAINING PROGRAM.

IT IS OUR UNDERSTANDING THAT THE DEPARTMENT OF EDUCATION IS IN THE PROCESS OF REVISING THE VOCATIONAL EDUCATION ACT IN THE FORM OF CONSOLIDATION AND THAT THE ADMINISTRATION IS SEEKING A .6% SETASIDE FOR THE U.S. TERRITORIES.

HISTORICALLY, THE U.S. OUTLYING TERRITORIES HAVE RECEIVED ONE PERCENT OF THE VOCATIONAL EDUCATION FUNDS. THE POSSIBILITY OF RECEIVING LESS THAN ONE PER CENTUM IN THE ALREADY MINIMAL FUNDING WILL HAVE A DEVASTATING EFFECT ON THE ONLY SKILLS TRAINING VEHICLE AVAILABLE TO THE RESIDENTS OF OUR TERRITORIES. ALLOWING THIS RECOMMENDATION TO TAKE PLACE WILL DEFINATELY SET US BACK INTO A POSTURE OF SUBSTANTIAL DEPENDENCY ON OUTSIDERS BROUGHT BACK FROM NEIGHBORING COUNTRIES AT A VERY HIGH COST TO PROVIDE SKILLED LABOR. ANY REDUCTION WILL RETARD OUR EFFORTS TO PROVIDE LOCAL TRAINING COMPARABLE TO OUR FELLOW AMERICANS ON THE MAINLAND.

IT IS VITAL THAT IN THE PROCESS OF BALANCING THE NATIONAL BUDGET THAT WE DO NOT SHORTCHANGE OURSELVES BY UNWISE DECISIONS. VOCATIONAL EDUCATION MUST BE RECOGNIZED AS AN INVESTMENT FOR THE FULL USE OF HUMAN RESOURCES AND THE MAINTENANCE OF A HEALTHY NATIONAL ECONOMY. THE REVITALIZATION OF OUR NATION'S ECONOMY AND THE CONTINUOUS PRIORITY TO PROVIDE A STABLE AND COMPETENT WORK FORCE SHOULD BE ONE OF OUR PRIMARY FOCUS. CERTAINLY FOR THE TERRITORIES, VOCATIONAL EDUCATION IS AN INVESTMENT FOR OUR FUTURE.

I WOULD LIKE TO ALSO CALL YOUR ATTENTION TO THE PROPOSED

RECESSION OF FISCAL YEAR 1982 AND ZERO FUNDING FOR FISCAL YEAR 1983 OF THE TERRITORIAL TEACHER TRAINING PROGRAM; SECTION 1525 OF THE ELEMENTARY AND SECONDARY EDUCATION ACT.

MR. CHAIRMAN, IF THE ADMINISTRATION'S PROPOSAL GOES THROUGH, MUCH OF THE PAST YEARS EFFORTS WILL HAVE BEEN NAUGHT. MY TERRITORIAL COLLEAGUES AND I CANNOT EMPHASIZE ENOUGH OUR CONCERN OF THIS IMPORTANT ISSUE.

THE TEACHER TRAINING MONIES ARE A MEANS OF LIMITING RELIANCE ON TEACHERS FROM THE MAINLAND. THIS RELIANCE HAS CAUSED SEVERE PROBLEMS IN QUALIFICATION AND CONTINUITY AS MANY MAINLAND TEACHERS ARE NOT PREPARED TO COPE WITH THE CULTURAL DIFFERENCES BOTH IN THE ISLAND COMMUNITIES AND IN THEIR STUDENTS. THE RESULT IS A HIGH TURNOVER, OFTEN OCCURING IN THE MIDST OF THE SCHOOL YEAR.

THE TEACHER TRAINING MONIES HAS MADE IT POSSIBLE FOR RESIDENTS OF THE ISLANDS TO BECOME CERTIFIED TEACHERS, IT HAS ALLOWED THE OPPORTUNITY FOR TEACHERS TO COME AWAY FOR NECESSARY REFRESHER COURSES AND RETURN WITH NEW TECHNIQUES AND TEACHING AIDS TO OFFER OUR STUDENTS IN AN EFFORT TO PROVIDE COMPARABLE EDUCATION TO THAT GIVEN ON THE MAINLAND.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM MINDFUL OF THE DIFFICULTY OUR NATION IS FACING, EVERYONE IS CRYING OUT FOR THEIR PRIORITIES, BUT MAY I CALL YOUR ATTENTION TO THIS NEED OF OUR TERRITORIES, IT IS A BASIC ONE THAT WE CANNOT AFFORD TO UNDERMINE. THE TERRITORIES ARE STILL STRUGGLING, TOWARDS SELF-SUFFICIENCY AND THESE PROGRAMS ARE DETRIMENTAL IN OUR EFFORT. I CALL FOR YOUR HELP IN THIS CONCERN.

THANK YOU.

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

A

Page

Action Committee on Higher Education 897
American Academy of Child Psychiatry 843
American Academy of Pediatrics, joint statement with American Pediatric Society, Ambulatory Pediatric Association, Association of Medical School Pediatrics Department Chairmen, and the Society for Pediatric Research 716
American Association of Nurse Anesthetists 780
American Dental Association and American Association of Dental Schools 849
American Mental Health Counselors Association 769
American Occupational Therapy Association, joint statement with American Physical Therapy Association, American Society of Allied Health Professionals, and National Easter Seal Society 937
American Personnel and Guidance Association 977
American Society for Microbiology 823
American Speech-Language-Hearing Association 923
Area Health Education Centers 855
Association of American Medical Colleges 834
Association of American Publishers 968
Association of Retarded Citizens 369
Atchley, Robert, Director, Scripps Foundation Gerontology Center, Miami University, Oxford, Ohio 167, 169
  Prepared statement 180

B

Baran, Bro. Edmund, Coordinator of Special Programs, Archdiocese of Chicago... 911
Barlow, Dr. Charles F., professor of neurology, Harvard Medical School 872
Berge, Ole M., Railway Labor Executives Association, Committee on Railroad Retirement 660, 669
  Prepared statement 679
Blue Cross and Blue Shield Associations 827
Bogorad, Dr. Lawrence, professor of biology, Harvard University 701
Bottoms, Dr. Gene, executive director, American Vocational Association 443
  Prepared statement 463
Brinkley, Dr. Howard J., professor of zoology, University of Maryland 839
Britt, David V., Children's Television Workshop 660, 664
  Prepared statement 696

C

Carels, Dr. Edward J., vice president of communications, Comprehensive Care Corporation 756
Carroll, Raymond A., project director, Rhode Island Comprehensive Rehabilitation Center 381, 385
  Prepared statement 397
Cartledge-Cheek, Nora E., assistant superintendent, Baltimore City Public Schools 341, 348
  Prepared statement 356

Page
Cohart, Judy, executive director, Coalition for Consumer Education 248, 258
Prepared statement 282
Collins, Rev. T. Byron, S.J., Georgetown University 564, 567
Prepared statement 586
Cooke, Eileen D., director, American Library Association 608
Prepared statement 621
Cooley, William W., president and professor of education and director of evaluation research, Learning Research and Development Center, University of Pittsburgh 485, 490
Prepared statements 493, 514
Cooley's Anemia Foundation, Inc 789
Cooper, John, National Association of Public Television Stations 660
Crowder, Dr. Bruce H., Superintendent of Schools, Highland Falls, N.Y 303, 305
Prepared statement 323
Cutler, Jay B., president, Coalition for Health Funding 224, 228
Prepared statement 242

D

Danforth, Dr. William H., chancellor, Washington University, St. Louis, Mo 224
Prepared statement 231
Daum, Dr. Frederick, representing the North American Society for Pediatric Gastroenterology, prepared statement 707
David, Robert E., executive director, South Carolina Employment Security Commission 787
de Lugo, Hon. Ron, Delegate, U.S. Virgin Islands 982
Downey, Morgan, director, American Speech-Language-Hearing Association 341, 345
Prepared statement 351
Duff, Dr. Ogle B., Race Desegregation Assistance Center, University of Pittsburgh 628, 629
Prepared statement 642

E

Easterly, Richard W., executive director, Chit Chat Foundation, representing the Alcohol and Drug Problems Association of America 2, 7
Prepared statement 14
Eaton, Kenneth, chairman, legislative committee, National Association of State Alcohol and Drug Abuse Directors 2, 10
Prepared statement 27
Edington, Everett D., professor, educational management and development, New Mexico State University, Las Cruces, N. Mex 248, 255
Prepared statement 299
English, Dr. Richard, Council on Social Work Education 35, 38
Prepared statement 71

F

Fifield, Marvin G., director, Exceptional Child Center, Utah State University, Logan, Utah 167, 173
Prepared statement 196
Filerman, Gary, president, Association of University Programs in Health Administration 776
Fincher, Dr. Julian H., American Association of Colleges of Pharmacy 117, 125
Prepared statement 139
Flores, Linda, executive director, Council on Legal Education Opportunity 485, 502
Prepared statement 546
Florio, David H., director of governmental and professional liaison, American Educational Research Association, letter from 493
Freeman, Dr. Richard M., president, National Kidney Foundation 739

Page

- Futrell, Mary Hatwood, secretary-treasurer, National Education Association 248, 251
  - Prepared statement 294

G

- Gallagher, Rev. Thomas, secretary for education, United States Catholic Conference 906
- Gallione, Robert J., National Association of Student Employment Administrators 564, 571
  - Prepared statement 595
- Gallotti, Joseph, Council of State Administrators of Vocational Rehabilitation.. 381, 393
  - Prepared statement 438
- Gaston, Caroline, New Futures School, Albuquerque, N. Mex 89, 91
  - Prepared statement 102
- Gemmell, Michael K., executive director, Association of Schools of Public Health 117, 121
  - Prepared statement 130
- Giese, Dr. Warren K., chairman, National Youth Sports Program Committee, National Collegiate Athletic Association 167, 168
  - Prepared statement 184
- Gordon, Dr. Margaret T., director, Center for Urban Affairs and Policy Research, Northwestern University 763
- Gorman, Mike, executive director, Citizens for Treatment of High Blood Pressure 793
- Grossman, Lawrence K., president, Public Broadcasting Service 952
- Gruman, Dr. Melvin M., on behalf of the Endocrine Society, prepared statement 740
- Gutterman, Dr. Jordan, professor of medicine, University of Texas System Cancer Center 798

H

- Hall, Harry L., Washington representative, National Multiple Sclerosis Society, prepared statement 416
- Halupka, John J., superintendent, Diocese of La Crosse, Wis 917
- Haring, Paul B., president, Catholic Truth Society of America 732
- Harris, Dr. J. John, III, Indiana University 628
  - Prepared statement 639
- Health Insurance Association of America, Medicare Administration Committee..... 878
- Hicks, Dr. Doin, president, Conference of Educational Administrators Serving the Deaf, Inc 381, 391
  - Prepared statement 411
- Hinrichs, Harley H., president, International Policy Institute 608, 612
  - Prepared statement 623
- Hoffman, Ellen S., director, governmental affairs, Children's Defense Fund...... 167, 175
  - Prepared statement 198
- Hornbeck, David W., Maryland Superintendent of Schools 248
  - Prepared statement 260
- Hull, Roger H., president, Beloit College, Wisconsin 485, 489
  - Prepared statement 540
- Humphrey, Gregory A., director of legislation, American Federation of Teachers, AFL-CIO 248
  - Prepared statement 274

J

- Jenkins, Dr. William M., president, National Council on Rehabilitation Education 381, 389
  - Prepared statements 408, 934
- Johnson, Marvin D., administrative vice president for student affairs, University of New Mexico 485
  - Prepared statement 524

Page

Jones, Patricia, for Barbara Nichols, American Nurses' Association 117, 120

K

Kincaid, Jill, executive assistant, League of United Latin American Citizens 303, 308
  Prepared statement 337
Kline, Frederick S., director, Society for Excellence in Education 985
Knight, Dr. William A., Jr., on behalf of the American College of Gastroenterology 814
Kohn, Eleanor, National Mental Health Association 35
  Prepared statements 79, 889
Koloski, Judity, chairperson, legislative committee, National Association for Public Continuing and Adult Education 443, 447
  Prepared statement 481
Kowall, Elaine, Camberj Educational Program, San Pablo, Calif 341, 349
  Prepared statement 376
Kresky-Wolff, Marilyn, chairperson; and Russau, Beverly, vice chairperson, District of Columbia State Mental Health Advisory Council, prepared statement 67
Kuehn, Dr. Glen D., professor of chemistry, New Mexico State University 751

L

Liberman, Aaron, National Council of Community Mental Health Centers 35, 45
  Prepared statement 63
Long, Patti, president, Arthritis Children Triumph 819
Love, Reeve, associate director, Sex Desegregation Training Institute, University of New Mexico 628, 633
  Prepared statement 656
Lyons, James J., legislative representative, American Coalition for Bilingual Education 303, 310
  Prepared statement 312

M

Mangano, Thomas, consultant, East Meadow Public Schools, East Meadow, N.Y. 303
  Prepared statement 318
Manley, Dr. Albert, president emeritus, Spellman College, for the United Negro College Fund 564, 573
  Prepared statement 576
Marshall, Howard, Board of Education, Baltimore, Md 248, 253
  Prepared statement 264
Martin, James, National Association of Area Labor Management Committees .. 660, 667
  Prepared statement 673
McAlees, Dr. Dan, president, National Rehabilitation Association 381, 388
  Prepared statement 402
McCarthy, Thomas R., project director, National Youth Work Alliance 2, 9
  Prepared statement 25
  Letter from 13
Melvin, Dr. John L., president, National Association of Rehabilitation Facilities 381, 382
  Prepared statements 420, 430
Merigan, Dr. Thomas C., head, Division of Infectious Diseases, Stanford University School of Medicine 710
Miller, Dr. Roberta B., Consortium of Social Science Associations and the Institute for Social Research 35, 43
  Prepared statement 57
Murray, Dr. David G., president, American Academy of Orthopedic Surgeons 810

N

National Alliance for the Mentally Ill, Mid-Hudson Chapter 883
National Coalition of Hispanic Mental Health and Human Services Organizations 846
National Congress for Community Economic Development 867

Page
National Federation of Federal Employees, prepared statement 753
National Society for Autistic Children 927
Nichols, Barbara, president, American Nurses' Association 117
    Prepared statement 159

O

Olson, Dr. Terrance D., Family Life, Brigham Young University 89
    Prepared statement 98
Owen, Eleanor, the National Alliance for the Mentally Ill 35, 37
    Prepared statement 47

P

Paulson, Peter, director, New York State Library 608, 610
    Prepared statement 616
Perez, Monte E., deputy director, National Council of Educational Opportunity Associations 485, 489
    Prepared statement 535
Peychaud, Joseph E., Jr., regional superintendent, Archdiocese of New Orleans 895
Phillips, Lundsford, codirector, Maine Independent Living Center 931
Pierce, Bill, National Committee for Adoption 89, 95
    Prepared statement 112
Pimentel, Albert T., executive director, National Association of the Deaf 381, 386
    Prepared statement 435
Porter, Dr. Ralph C., executive vice president and director, National Commission for Cooperative Education 485, 505
    Prepared statement 518
Primmer, Frank, National Multiple Sclerosis Society 381, 395
Pruss, Richard, president, Therapeutic Communities of America 2, 5
    Prepared statement 17

R

Rachlin, Mrs. Sylvia N., executive vice president, Myopia International Research Foundation, prepared statement 705
Rembold, Dr. Richard, Baltimore's International Culinary Arts Institute 443, 449
    Prepared statement 452
Richardson, Mrs. Elliot, chairman, Reading Is Fundamental, Inc 248, 256
    Prepared statement 278
Richter, Anders, editorial director, Johns Hopkins University Press 715
Ripp, Andrew M., Railway Labor Executives Association Committee on Mediation 660, 670
    Prepared statement 684
Robinowitz, Dr. Carolyn B., American Psychiatric Association 35, 40
    Prepared statement 84
Romano, Patrick, medical student, Georgetown University, and American Medical Students Association 564, 568
    Prepared statement 599
Rosenstein, Peter D., American Academy of Physician Assistants 117, 123
    Prepared statement 135
Rosica, Thomas, director, Federal programs, Philadelphia Public Schools 248, 250
    Prepared statement 288
Roy, Kathleen, assistant director, United Cerebral Palsy Associations, Inc 341, 344
    Prepared statement 364
Russell, Brenda L., legislative analyst, Child Welfare League of America 167, 172
    Prepared statement 191

S

Sadler, Blair, president, California Association of Children's Hospitals, prepared statement 723

Page

Saunder, Charles B., Jr., vice president for governmental relations, American Council on Education 485, 487
  Prepared statement 508
Simon, Gottlieb, Mental Health Association of the District of Columbia 35, 45
  Prepared statement 76
Smith, Dr. Peter S., codirector, Hemophilia Center of Rhode Island 783
Stein, Barbara, National Coalition for Women and Girls in Education 628, 631
  Prepared statement 647
Stevens, Christine, secretary, Society for Animal Protective Legislation 224, 226
  Prepared statement 240
Stone, Jerome, president, Alzheimer's Disease and Related Disorders Association, prepared statement 736
Struthers, Carol L. S., Espanola Municipal Schools, Espanola, N. Mex 89, 93
  Prepared statement 107
Sullivan, Rev. Eugene P., Superintendent of Schools, Archdiocese of Boston 909
Sullivan, Dr. Louis, president, Morehouse School of Medicine 117, 126
  Prepared statements 144, 966
Sunia, Hon. Fofo I. F., Delegate, American Samoa 989

T

Tabler, Diana G., director, Office of Public Policy, National Council on Alcoholism 2
  Prepared statement 22
  Letter from 4
Talbot, Dr. Joan, Cornell University Medical College, prepared statement 721
Tallman, Mark, Associated Students for Higher Education 564, 569
  Prepared statement 590
Taylor, Dr. Robert E., executive director, National Center for Research in Vocational Education, Ohio State University 443, 445
  Prepared statement 476
Telisman, George, treasurer, Western Gerontological Society 167, 177
  Prepared statement 219
Thiel, Thelma King, vice chairman and executive director, American Liver Foundation, prepared statement 708
Tranquada, Robert, chancellor, University of Massachusetts Medical Center 856
Tulcin, Doris F., national president, Cystic Fibrosis Foundation 729

U

Uhalley, Dr. Stephen, professor of history, and director of the Center for Asian Pacific Studies, University of Hawaii 557
  Prepared statement 560
United Negro College Fund 964
Unzueta, Silvia, Spanish American League Against Discrimination and YWCA of Greater Miami 628, 636
  Prepared statement 652
U.S. Conference of City Health Officers, prepared statement 772

V

Vanden bos, Dr. Gary, American Psychological Association 35, 42
  Prepared statement 51

W

Weary, Dr. Peyton E., chairman, Department of Dermatology, University of Virginia School of Medicine, for the American Academy of Dermatology 803
Weintraub, Frederick J., assistant executive director, Council for Exceptional Children 341, 342
  Prepared statement 358
Wells, Dr. Patrick R., the Association of Minority Health Professions Schools . 117, 118
  Prepared statement 150

	Page
WETA, Television Station	974
Wilson, Ursula M., Board of Education, Ganado, Ariz	303, 307
Prepared statement	334
Won Pat, Hon. Antonio B., Territory of Guam	903

O